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D 8523A

ITALY
Tutoring the test-tube entrepreneur
Page 3

World News

Italy to send back 12,000 Albanian refugees

Albania faces growing social and political instability following the Italian government decision to send home about 12,000 Albanians who hijacked ships to escape to the west.

Panic broke out in the southern Italian port of Brindisi as hundreds of the starving Albanians, who had been at sea for three days, grabbed food from frightened relief workers. Page 20

Brussels car move

European Commission has asked France to justify part of its policy on Japanese car imports, opening the first stage in a formal process which could end in legal action against the French government. Page 20

Mideast talks urged

Visiting EC foreign ministers urged Israel to seize upon a crucial moment in history to work for peace with the Arabs. Page 2

Slovenia move

Western republic of Slovenia took another step towards independence from Yugoslavia when its parliament voted to stop sending Slovene recruits to serve in the Yugoslav People's Army (YPA). Page 3

Lisbon secrecy plan

Portuguese government proposed sweeping new state secrecy laws which could ban the publishing of basic economic information on the grounds that it might undermine the national interest. Page 3

Walesa plea

President Lech Walesa of Poland appealed to a divided parliament to dissolve itself and permit fully free parliamentary elections by the end of May. Page 3

Dissolution delay

Expected dissolution of the Indian parliament was delayed after procedural disputes arose between Mr Rajiv Gandhi's Congress party and the main opposition parties. Page 4

S Korea protests

South Korea filed a formal protest charging North Korea with fabricating a case in which South Korea allegedly firing rockets across the border.

Sri Lankan offer

Prime minister Dingri Banda Wijetunge said the Sri Lankan government was willing to negotiate an end to the civil war being waged by Tamil separatists.

Bhutto aid arrested

Police arrested a senior member of Ms Benazir Bhutto's Pakistan People's party linking him to the killing of 29 people in Karachi in August.

Philippines deaths

Fifteen communist guerrillas and two soldiers were been killed in a clash on Leyte island in the central Philippines on Wednesday, police said.

Tokyo fire rages

About 400 firefighters battled a forest fire on Thursday that threatened to engulf a large residential area north-east of Tokyo, police said.

Business Summary

Chrysler halves quarterly dividend

Chrysler, weakest of the big three US motor manufacturers, slashed its quarterly dividend in half from 30 cents to 15 cents. The move comes a month after General Motors, largest American manufacturer, cut its dividend by 47 per cent. Page 21

MARKETS: Frankfurt eased on profit-taking, the DAX index closing 13.86 lower at 1,580.46. Paris calmed down but kept rising, with the CAC 40 index gaining 10.84 to 1,831.85. In New York, the Dow Jones Industrial Average at 2 pm was down 3.47 to 2,969.80 from Wednesday's close. In Tokyo, small-lot selling cut early advances inspired by Wall Street's strength, with the the Nikkei average closing up 14.97 at 26,397.96 on volume down from 650m shares to 550m. World Stock Market reports, Back page. Section II

OMNI chairman Werner Rey, Swiss financier, is under investigation by the Zurich public prosecutor over a stock transaction planned in January, when be was trying to resolve the debt problems of his company. Page 21

ROLLS-ROYCE, UK aerospace and engineering manufacturer, reported an unexpected 24 per cent fall in pre-tax profits. Page 21; Lex, Page 20

NEW ZEALAND entrepreneur Sir Ron Brierley has lost a boardroom struggle at Brierley Investments (BIL), company he created 30 years ago, over the future of the group's overseas investment arm. Page 21

BANCO Espirito Santo e Comercial de Lisboa (BESCL), Portugal's second largest state-owned commercial bank in term of assets, reported a sharp rise in profits for 1990. Page 22

NIGERIA: financing for $1bn condensate project at Oso offshore field is back on track, after an agreement with London Club of commercial banks on the rescheduling of $5.8bn bank debt. Page 4

PREUSSAG, German steel, trading, minerals and energy conglomerate reported improved net profits of DM350m ($236m) for the nine months business year ended September 30. Page 22

ANGLO American Industrial Corporation, industrial arm of Anglo American group, saw pre-tax profit drop by 43.4 per cent to R759m ($300m) in the year to December. Page 23

BRIERLEY Investments of New Zealand blamed a "particularly hostile investment environment" for a 6.9 per cent drop in net profits to NZ$175.19m ($104m) in the six months to December 31. Page 23

PACIFIC Dunlop, diversified Australian manufacturing group, blamed the domestic recession for a 10.7 per cent fall in interim net profits to A$136.8m ($106.8m) on turnover down 2.3 per cent to A$2.5bn. Page 23

GOODMAN Fielder Wattie, Australasian foods group, suffered a 12.3 per cent fall in net profits before abnormal items in the first half to December, on turnover up 17.8 per cent to A$2bn ($1.54bn). Page 23

Kuwait may borrow $20bn to repair invasion damage

By David Owen and Stephen Fidler in London

KUWAITI authorities are expected next week to agree on plans to borrow as much as $20bn from international banks and to discuss a sweeping reorganisation of the state's financial institutions.

Iraqi forces left Kuwait in a devastated condition after almost seven months of occupation. Estimates of the eventual cost of rebuilding the country range from $20bn into hundreds of billions of dollars.

The loans, which could be secured against Kuwait's foreign assets, estimated at more than $100bn, would be used to help rebuild the country. They would represent the country's first foreign borrowing in modern times.

According to senior Kuwaiti officials, Morgan Guaranty of the US is the front runner to act as lead banker in the fundraising. "I am 80 per cent certain that Morgan Guaranty will be the lead banker," said one official.

The decision to borrow is likely to be taken at a board meeting of the Kuwait Investment Authority (KIA) to be held in London next Tuesday or Wednesday. Sheikh Ali Khalifa al-Sabah, finance minister, is expected to arrive in London on Monday.

The meeting will also discuss restructuring proposals which will include:

● Consolidating the six Kuwaiti commercial banks into two institutions under the respective auspices of National Bank of Kuwait (NBK) and Burgan Bank, and;

● Merging Kuwait's three part-government-owned investment houses (the so-called "three Ks") into one entity.

■ After six hours of talks in the Saudi capital Riyadh, Iraq and leaders of the allied forces signed a memorandum of understanding in which they agreed "to carry out as rapidly as possible the global repatriation".

■ Iraq agreed to release 2,000 Kuwaiti hostages and 21 western journalists.

■ The US said 14,317 US troops would leave the Gulf and return to the US and Germany within a week.

■ Islamic revolutionaries said rebels were in control of Basra, Iraq's second city. This claim ran counter to reports from US military sources in Saudi Arabia that Iraqi president Saddam Hussein's elite Republican Guard was gaining the upper hand in the fighting.

Gulf reports, Page 2

The chairman of the largest of the investment houses, Mr Abdullah al-Gabandi, was recently appointed KIA managing director and is expected soon to step down.

The three bodies in question are: Kuwait Foreign Trading Contracting & Investment Company (KFTCIC), Kuwait Investment Company (KIC) and Kuwait International Investment Company (KIIC).

According to Mr Fouad Jaffar, the long-serving former general manager of the London-based Kuwait Investment Office (KIO), putting the banking system under two umbrellas would "make it easier for the government to resolve the problems resulting from the Iraqi occupation."

"There is a lot of discussion about consolidating the banks which are highly inefficient and supported by the government," he said.

Observers feel that an acceptable political balance would be struck by using NBK and Burgan Bank as vehicles for the restructuring. NBK – Kuwait's leading bank – is controlled by some of Kuwait's wealthy merchant families, while Burgan is 58-60 per cent government-owned.

A low-key battle for control of Kuwait foreign assets has been waged for several years between the ruling al-Sabahs and other wealthy merchant families. The occupation has apparently enabled the al-Sabahs, at least for the moment, to tighten their grip.

On the possible merger of the investment houses, Mr Jaffar said there was "no way in the light of what has happened in Kuwait that they could operate as they did before the occupation." He was cautious about whether a merger could be cemented, however.

"Even if a merger were approved in theory, you would be left with practical problems like who was going to run the resulting organisation," he said.

On the subject of borrowing, Mr Jaffar argued that it made "good business sense" to do so "because if you do you can continue investing."

"Since the assets are well-managed, the return we get this year should be higher than the cost of borrowing," he said. "I think borrowing is no longer taboo."

He said that he would be "surprised if there wasn't a Japanese bank involved" in Kuwait's plans to raise capital.

Bankers say other, smaller, financings are also being discussed with the Kuwaiti authorities. US and British banks are expected to be strongly placed in financing negotiations due to their countries' role in ending the Iraqi occupation.

Morgan Guaranty had no comment yesterday on its possible role and it was not clear over how long a period Kuwait would be seeking to raise the money. Some bankers were sceptical about the state's ability to raise as much as $20bn in one fell swoop, even if it is secured against Kuwaiti assets, and said they believed it would be some time before the government had assessed its needs.

If a final decision to borrow is delayed beyond next week's board meeting, according to a senior Kuwaiti official, it would probably reflect disagreement among various institutions as to who should negotiate with bankers on Kuwait's behalf.

"The central bank is arguing that it and it alone should conduct negotiations," the official said. However, both the KIO and the Ministry of Finance wanted some involvement, he added.

German surge in imports causes deficit

By David Marsh and David Goodhart in Bonn

GERMANY plunged into current account deficit in January for the first time since the beginning of the 1980s as the booming economy in the west of the country sparked a surge in imports.

The DM1.2bn ($780m) deficit, compared with a surplus of DM3.3bn in December, illustrates why the Bundesbank is maintaining a tough monetary policy to cope with dramatic financial changes in Germany since unification.

The widening economic divergence between west and east Germany is, meanwhile, underlined by the Bonn government's annual economic report, published today, which forecasts steeply rising unemployment this year east of the Elbe.

Reflecting the increase in pessimism about the east German economy since unity last October, Mr Otto Schlecht, state secretary in the Economics Ministry, said he could not predict when an upturn in the east would come. Five months ago, government economists were confidently forecasting recovery this summer.

At a press conference to present the report, due to be given its seal of approval at a cabinet meeting today, Mr Jürgen Möllemann, the new economics minister, repeated his threat to resign from office unless Bonn cut DM10bn in unnecessary subsidies and other expenditure from the greatly inflated government budget from next year onwards. "I mean that quite seriously," he said.

Mr Möllemann admitted that the government had experienced "a great loss of credibility" as a result of last week's decision to raise taxes this summer to help finance unity, after earlier ruling out such a move.

According to the economic report, unemployment in east Germany is likely to average 1.1m-1.4m this year but will reach 1.6m-1.9m by the end of the year. This compares with 800,000 unemployed in east Germany at present.

Economic growth in west Germany is expected to be a relatively bouyant 2.5 to 3 per cent this year. This represents a slowdown from last year's 4.6 per cent, which the Economics Ministry believes was boosted by 1 to 1.5 points by the effect of unification.

The economic report hails a likely cut in Germany's current account surplus this year as contributing to better world balance of payments equilibrium. Last year the surplus fell to DM72bn for united Germany from DM104bn for west Germany in 1989.

However, judging by yesterday's figures – compared with a surplus of DM10.2bn for west Germany in January 1990 – the reduction may be taking place too fast for comfort. The foreign trade surplus last month was just DM1.3bn after DM3.5bn in December and DM12.8bn in January 1990.

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Delors calls for common European defence policy

By David Buchan in Brussels

A COMMON defence policy should be written into the Treaty of Rome, even if it takes several years to achieve, Mr Jacques Delors, the European Commission president, said yesterday.

Speaking on defence for the first time in his six years as president of the EC executive body, Mr Delors went further than any EC government in the current negotiations on political union by proposing that the Twelve pledge to come to each other's defence and develop a common policy on weapons research and production.

For all the present easing in east-west tension, the Gulf war was a reminder of the dangerous world that lay outside Europe, Mr Delors said. He said dangers were fuelled by "naked ambition, lust for power, national uprisings and underdevelopment" and aggravated by "proliferation of weapons of mass destruction."

The Community's treaty specifically excludes it from dealing with defence. But Mr Delors said it must "square up to the challenges of history and shoulder its share of the political and military responsibilities of our old nations." He was delivering the annual Alastair Buchan lecture to the International Institute for Strategic Studies in London.

German Chancellor Helmut Kohl, in an attempt to upgrade the country's policies on international security, is expected next week to propose allowing German troops to participate in military operations under the auspices of the Western European Union. The chancellor's ideas for a change in the German constitution to enable the German army to operate outside Nato are intended to clear up doubts about Germany's role in future defence arrangements. Suggestions for the constitutional amendment are to be made in a speech in parliament on Tuesday. Page 3

France and Germany have already proposed that the EC should forge increasingly close links with the Western European Union defence organisation, to which nine of the 12 EC states belong, with a view to eventually taking it over.

Britain has endorsed increasing use of WEU as a forum for European defence discussions and perhaps operations, but insisted that it stay in being as a "bridge" organisation between the EC and Nato.

Mr John Major, the UK prime minister, is likely to object to Mr Delors' call for the Twelve to express their solidarity by a mutual defence commitment of the type contained in the WEU or Nato treaties. He and Mr Delors dined together last night in the latest sign of the general rapprochement between London and Brussels since Mrs Margaret Thatcher left office.

Mr Delors acknowledged that his plan would arouse concern in certain member states and friendly powers, such as the US, but said such fears were misplaced. Over the past 20 years of foreign policy co-operation, the Twelve "have grown in mutual knowledge and understanding, and their diplomatic procedures have converged".

It was now time to "allow for common defence issues to be dealt with by the European Council (summits of EC leaders) and by the joint council of foreign and defence ministers", he said.

"Little by little a framework for decision-making and action would be set up between the Community and the WEU", he said. The three EC states that did not belong to the WEU – Ireland, Denmark and Greece – would be "allowed time to consider their position".

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Editorial Comment, Page 18

UK warns France, Germany over regional jets subsidies

By Paul Betts, Aerospace Correspondent, in London

THE BRITISH government has warned Germany and France not to undermine the European commercial aerospace industry by subsidising a German proposal to develop with French and Italian partners a new family of regional jets.

Deutsche Aerospace, the aircraft subsidiary of the German Daimler-Benz car group, signed an agreement with Aerospatiale of France and Alenia of Italy this week to form a joint company to develop a new range of 80-130 seat regional jets. These would compete against the British Aerospace 146 jet family and the Dutch Fokker group's F100 and proposed F130 regional aircraft.

UK government officials yesterday urged Germany and France to reconsider their new regional jet proposal and instead explore the possibility of the European Airbus consortium developing a smaller 130 seat version of its A330 150 seat airliner.

European aerospace ministers are to meet in Dresden on March 21 to review Airbus operations. The UK is expected to press at the meeting the case for extending the Airbus range with a smaller 130 seater aircraft.

The British government is particularly worried that the German government will be persuaded by Deutsche Aerospace to subsidise its new regional jet programme, whose development is expected to cost between $3bn and $4bn. Officials in London said they feared this risked leading to a race by European governments to subsidise rival European regional jet aircraft programmes.

This would seriously undermine efforts to consolidate European aerospace cooperation through the Airbus consortium. UK officials also said development of a smaller 130 version of the A320 would cost substantially less than the German-led regional jet programme. Mr Jean Pierson, the Airbus chairman, has estimated it would cost about $400m to develop a smaller A320.

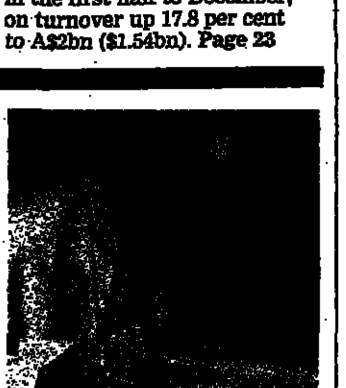
But Germany has been anxious to take the lead in a new commercial aircraft programme as part of an ambitious renaissance of the German aerospace industry. This revival is being orchestrated by Deutsche Aerospace.

However, the UK now suspects that the German company is trying to put pressure on its government to provide support through launch aid for its new commercial aircraft project. It also argues that before Germany goes ahead with its joint project with France and Italy, Airbus should be given every opportunity to study development of a smaller aircraft.

The UK has already expressed its concerns on government subsidies for new European regional aircraft programmes to the European Commission in Brussels. Apart from causing severe distortions within the European aerospace industry, subsidies for the new German led project risk exacerbating further the US-EC dispute on Airbus subsidies which have now been taken up by the General Agreement on Tariffs and Trade.

Weekend FT

Tomorrow:
The pope plans his battle against the evils of capitalism
●
The jet-set Phileas Fogg goes around the world in 11 days



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US establishment types who go native at the World Bank

Barber Conable steps down later this year after five years as president of the World Bank. During that time, he has become firmly committed to the need to combat poverty at a local level.
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MARKETS

STERLING	**DOLLAR**	**STOCK INDICES**	
New York lunchtime:	New York lunchtime:	FT-SE 100:	
$1.8893	DM1.5455	2,437.7 (−22.2)	
London:	FFr5.261	FT Ordinary:	
$1.8865 (1.89)	SFr1.34775	1,950.8 (−26.9)	
DM2.92 (2.9125)	Y135.8	FT-A All-Share:	
FFr9.9375 (9.9175)	London:	1,183.79 (−0.7%)	
SFr2.5475 (2.54)	DM1.5475 (1.541)	New York lunchtime:	
Y256.25 (257.25)	FFr5.2675 (5.2475)	DJ Ind. Av.	
£ Index 93.7 (93.6)	SFr1 35 (1.3445)	2,968.81 (−4.46)	
GOLD	Y135.8 (136.15)	S&P Comp	
New York: Comex Apr	$ Index 62.4 (62.6)	378.62 (+0.45)	
$368.5 (367.5)	Tokyo close: Y135.63	Tokyo: Nikkei	
London:	**US lunchtime rates**	26,397.96 (+14.97)	
$366.65 (368.65)	Fed Funds 6⅛%	**LONDON MONEY**	
N SEA OIL (Argus)	3-mo Treasury Bills:	3-month interbank:	
Brent Apr	yield: 6.25%	closing 12½% (12$\frac{11}{16}$-⅝)	
$19.225 (19.375)	Long Bond:	Life long gilt future:	
Chief price changes yesterday: Page 21	96⅜	Jun 92$\frac{11}{32}$ (92¼)	
	yield: 8.23%		

Kuwaiti prince tries to reassure Palestinian residents

By Victor Mallet in Kuwait City

SHEIKH Saad al-Sabah, the Kuwaiti crown prince and prime minister, yesterday attempted to assure Palestinians living in Kuwait that they would not be mistreated by vengeful Kuwaitis.

Sheikh Saad, who is also chief martial law administrator, rejected witness reports that Palestinians had been killed and beaten on suspicion of collaborating with the Iraqi armed forces during Iraq's seven-month occupation.

Some Palestinians, he told a news conference, had helped Kuwaitis in the effort to force Iraq out of Kuwait. "I would like to reassure everybody that the rule of law will prevail and it will be applied to all without any discrimination," he said.

Kuwait would continue to help the Palestinian people despite the Palestine Liberation Organisation's support for President Saddam Hussein, he said. But he added Kuwait would never forget those countries which supported the Iraqi leader after his invasion of Kuwait in August last year.

He paid tribute to Kuwaitis who remained behind after the flight of the royal family and thousands of their compatriots, and to the women who played a prominent role in the Kuwaiti resistance.

Many Kuwaitis, especially those who suffered under the Iraqi occupation, want the Kuwaiti parliament, which was suspended by the emir in 1986, to be restored as soon as life returns to normal, with the ruling al-Sabah family being relegated to a constitutional monarchy.

But Sheikh Saad was vague about the government's political intentions yesterday, merely repeating that Kuwait would adhere to the 1962 constitution and hold elections at an unspecified date in the future.

Martial law, in force for three months, might be extended "if we think that the interests of the country and of the citizens requires that".

In response to allegations that the al-Sabah family had hired death squads to eliminate pro-democracy activists, he challenged his questioners to produce evidence.

Kuwaitis have complained that the government has failed to distribute promised food supplies despite months of preparation, but Sheikh Saad said food had been sent to 95 per cent of the country's co-operatives. He said he expected a new Kuwaiti dinar to be issued in two to three weeks.

Sheikh Saad said 5,000-6,000 Kuwaitis were being held in Iraqi prisons, a figure much lower than the 33,000 hostages and prisoners of war claimed by other Kuwaiti officials. Some of these civilians abducted by Iraq were struggling home across the Iraq-Kuwait border yesterday. But many found themselves in limbo after being turned back by suspicious Kuwaiti troops on the road to Kuwait City.

Most of the Kuwaitis, Palestinians, Egyptians and others streaming across the frontier were freed from prisons in Basra and Nasariya at the weekend by Islamic revolutionaries intent on overthrowing Mr Saddam.

Mr Gassan Bakr, a Palestinian computer operator working for the Kuwaiti government, was taken on January 14 and imprisoned in Nasariya. The prison gates were opened by anti-Saddam demonstrators a week ago, and he and nine friends were making their way back to Kuwait. On the road, however, Kuwaiti soldiers turned them away despite documents proving their residence in Kuwait. "They said 'Go to Iraq, go to Jordan'," said Mr Bakr. "But now we can't go to Jordan because of the uprising by the people who hate Saddam."

Even citizens of countries allied to Kuwait are in limbo. Mr Mohammed Imam Mohammed, an Egyptian air conditioning engineer at the University of Kuwait, was yesterday waiting forlornly at an emerging refugee shanty town just inside Kuwait.

"My wife and my baby are sitting in Kuwait," he said. "My passport is in Kuwait. I don't know if my wife is alive or dead. Kuwait says I can't go to Kuwait and Iraq says I can't go to Iraq. Does Kuwait have no heart?"

In another sign of the problems affecting the future political debate in Kuwait, a former Kuwaiti military attaché in Iraq yesterday claimed the government ignored his warnings about Iraqi plans to invade on August 2.

Colonel Matar Said al-Matar, who worked at Kuwait's consulate in Basra for 15 months, said he reported the invasion plan on July 25. But as he prepared to expand his remarks, his press conference was abruptly terminated by Mr Suleiman Mutawa al-Matar, the planning minister.

Bush calls for linkage in other words

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush's disavowal throughout the Gulf crisis of any linkage between the Iraqi occupation of Kuwait and the Palestinian issue was always primarily a means of rebuffing President Saddam Hussein.

In practice, Mr Bush and Mr James Baker, his secretary of state, always saw the crisis as an opportunity to renew the pressure for solving long-standing Middle Eastern problems, not only the Arab-Israeli dispute but also Lebanon, the proliferation of missiles and weapons of mass destruction in the region, and Gulf security.

Mr Bush's statement in his address to Congress on Wednesday that "our commitment to peace in the Middle East does not end with the liberation of Kuwait" was linkage under a politically more acceptable form.

What was significant was not so much the detailed proposals – which were largely a restatement of existing US positions – but the timing and emphasis. He squashed the talk that the Bush administration would feel so grateful to Israel for not retaliating against Iraqi Scud missile attacks that it would not press a peace initiative. Rather, Mr Bush and Mr Baker are determined to force the issue: "The time has come to put an end to the Arab-Israeli conflict."

Mr Bush's message to Israel was clear. Both sides must compromise; there can be no substitute for diplomacy.

His reference to United Nations Security Council resolutions 242 and 338 and the principle of territory for peace is long-standing US policy, and less strongly-worded than some of Mr Baker's past statements. But that principle is not accepted by the Likud coalition, though Mr Bush was careful to stress the need to provide both for Israel's security and its recognition by other Arab states, and for legitimate Palestinian political rights.

The US, like many European governments, will not seek to rush any international peace conference which it knows that Israel rejects. Instead, when Mr Baker arrives in Israel early next week on his Middle Eastern tour, he will argue that the uncompromising stand by Mr Yitzhak Shamir's government which infuriated Washington last summer is not acceptable.

Otherwise, Mr Bush's main message was that it is in the US's vital interest to retain a military presence in the Gulf. This will not involve stationing US ground forces – anathema to many in Congress and among the public. But it does mean US participation in joint exercises with Arab allies and maintaining a US naval presence in the region.

On the region's financial problems, he talked of fostering "economic freedom and prosperity for all people of the region", but gave no hint of any US involvement.

These substantive points were, however, overshadowed by the mood of congratulation, with 14 standing ovations, as Congress and president celebrated the end of the war and the start of the troops' return home. For all Mr Bush's warnings a week ago about avoiding gloating, there was more than a touch of triumphalism about the evening. The hour of glory may last until election day in November 1992.

Colin Powell, chairman of the US Joint Chiefs of Staff, receives a standing ovation during President Bush's address to a joint session of Congress on Wednesday night

Arab ministers to hold security talks with Baker

By Robert Graham

THE SHAPE of a future peace-keeping force in the Gulf will be discussed this weekend by Mr James Baker, the US secretary of state, and foreign ministers of the eight Arab states who on Wednesday laid the framework for a regional security agreement in Damascus.

The talks in Riyadh will be attended by foreign ministers from the six Gulf Co-operation Council countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), along with those from Egypt and Syria.

The ministers are expected to brief Mr Baker on how they envisage establishing the peace-keeping force they committed themselves to in Wednesday's "Damascus Declaration".

These eight states appear determined to act quickly in the wake of the Gulf conflict, seizing the initiative after Iraq's humiliating defeat. They are said to be anxious to show they can take responsibility for the region's security but at the same time are willing to consider outside help.

The declaration, which talks of establishing "a new Arab order", envisages co-operation with "Islamic and international parties who respect the higher interests of the Arab nation". This is seen as a reference both to Iran and to non-regional powers such as the US. US officials recognise the political difficulties of keeping a big permanent military presence in the region and have begun examining formulas which would allow them to make a positive contribution to post-war security.

So far, Jordan and Yemen have been deliberately excluded because of their support for Iraq. Nor is there any reference to the Palestine Liberation Organisation, though the declaration calls for "comprehensive settlement of the Arab-Israeli conflict and the Palestine question".

The bulk of the proposed force is expected to be supplied by Egypt and Syria, which between them have almost 50,000 troops already in Saudi Arabia and liberated Kuwait. In return for providing the troops and weaponry to protect Saudi Arabia and the Gulf, these two countries would be assured significant financial flows to sustain economic development. Egypt and Syria have been talking of an annual $15bn (£7.8bn) provided by GCC countries.

The Egyptian government is also expected to use its active participation in peace-keeping to obtain further US military credits to upgrade both its aircraft and armour. Significantly, Israeli reaction to the Damascus Declaration has been measured. Indeed, it is the first time since 1948 that Israel has not immediately claimed to be threatened by a new Arab defensive structure.

However, Iran has been quick to seek reassurances about the security pact, which promises to formalise an Egyptian and Syrian military presence in the area.

Mr Ali Akbar Velayati, the Iranian foreign minister and Mr Hassan Habibi, vice-president, arrived in Damascus yesterday to be briefed by both President Hafez al-Assad and Mr Abdel Halim Khaddam, the Syrian vice-president, on the security agreement.

Iran, controlling one entire side of the Gulf littoral, regards itself as an important element in any future regional security arrangements. Diplomats said Iran's leaders were anxious to be assured the agreements were purely an Arab affair designed to be a preliminary step towards a broader framework for regional security.

Initial Iranian reaction to the Damascus Declaration was hostile. Tehran Radio commented pointedly: "Drawing up plans which are not comprehensive will in the final analysis hurt the interests of all countries of the region."

But, given the way in which the Gulf states and Egypt have been studiously improving their relations with Tehran over the past six months, it would be surprising if Iran were excluded from a broader security arrangement.

NEWS IN BRIEF

Journalists and 2,000 Kuwaitis to be freed

IRAQI officials said yesterday 21 western journalists missing in south Iraq and 2,000 Kuwaitis held there will be released today, Reuter reports from Baghdad.

They were confirming reports from the southern Safwan outpost held by the allies that Iraqi officers had asked the International Committee of the Red Cross (ICRC) to supervise the handover. The officials gave no other details.

Up to 40 western journalists who tried to enter Basra to cover unrest in the city have gone missing since last Sunday. The Kuwaitis are among thousands that the Kuwaiti government said had been held during Iraq's seven-month occupation of Kuwait and taken across the border into Iraq.

Ship orders at 20-year low

New orders in the world shipbuilding industry fell to their lowest level in more than 20 years during the last quarter of 1990, according to figures published by the London-based Lloyd's Register of Shipping, Richard Tomkins writes. Shipbuilders blamed the fall on shipowners' reluctance to place orders amid the uncertainty caused by the Gulf crisis.

After record figures in the first two quarters of 1990, new orders slumped to less than 1.9m gross registered tonnes – some 4.1m less than in the previous quarter.

Egyptians seek contracts

The Egyptian housing minister flew to Kuwait yesterday for talks on possible reconstruction contracts for Egyptian companies, business sources said, Reuter reports from Cairo. Mr Hassabalah Kafrawi was accompanied by 16 heads of private and public sector contracting and consultancy companies as well as several industry officials. Egyptian businessmen had complained that government lethargy was threatening their chances as US and British companies scooped up contracts.

Iraq 'needs immunisation drive'

The director of the UN Children's Fund (Unicef) has told the Security Council that Iraq needs a crash immunisation programme to ward off a threat of epidemics, according to a letter released yesterday, Reuter reports from New York. Mr James Grant, in a letter to the council's sanctions committee, said Unicef also wanted to help restore some of Baghdad's water supply system and import some supplementary food for vulnerable sections of the population.

EC ministers proposes peace pact guidelines

Helsinki path urged on Israel

VISITING European Community foreign ministers urged Israel yesterday to seize upon a crucial moment in history to work for peace with the Arabs, Reuter reports from Jerusalem.

Following the crushing of Iraq in the Gulf War, the west is anxious to create a new climate of rapprochement between the Middle East's traditional foes.

The ministers – Mr Jacques Poos of Luxembourg, Mr Gianni De Michelis of Italy and Mr Hans Van Den Broek of Holland – said they had come to urge Israel to seize upon this "crucial point in history" to work for peace.

The EC troika proposed a Middle East peace pact modelled on the 1975 Helsinki Accords to try to bridge the divide between Israel and the Arab states after more than 40 years of enmity.

"The EC has drawn up its own guidelines which contain an original idea... We call it the Helsinki process," Mr Poos told reporters at a joint news conference with Mr David Levy, the Israeli foreign minister.

He urged Israel and Arab states to undertake a series of confidence-building measures similar to the Helsinki Accords between east and west bloc nations. He suggested a non-aggression pact and a declaration of mutual recognition.

The three met Prime Minister Yitzhak Shamir, Mr Levy, Mr Moshe Arens, the defence minister, and a group of Palestinian nationalists from the occupied territories in their half-day stopover.

In Damascus on Wednesday, they met representatives of eight Arab states which fought alongside western forces in the Gulf War to defeat Iraq. The eight include one of Israel's main foes Syria, and Egypt, the only Arab state to have made peace with the Jewish state.

Mr Levy warned the Arab states not to exploit western gratitude for their support in the war by arming themselves.

"This could be the factor that brings about another war," Mr Levy said at the news conference.

Israel still holds territory seized from Syria during the 1967 Middle East war.

Mr Poos said he felt the Arab coalition members would not turn their collaboration against Israel.

UK computer group wins deal

By Alan Cane

COMPUTER SYSTEMS essential to the security and administration of Kuwait as it rebuilds its government infrastructure after the war will be developed by CSC Inforem, a UK subsidiary of the US-based Computing Sciences Corporation which claims to be the world's largest independent computing services organisation.

The systems to be developed will include methods for monitoring and tracing the thousands of Kuwaiti citizens missing in the wake of the Iraqi withdrawal.

CSC Inforem, based in Weybridge, Surrey, said yesterday that it had been awarded a consultancy contract worth initially $1.3m (£670,000) by the Kuwait Ministry of the Interior to carry out the first phase of the planning and implementation of the government's information technology strategy.

Systems to be built as a priority will cover immigration control, population monitoring and tracing – including passports, visas and resident's permits – internal security and vehicle and driver licensing.

The contract also covers the development of a technology framework which will underpin the information management strategy.

Inforem was awarded the contract following earlier consultancy work in the region by Mr Keith Davies, head of management consultants for Inforem. It is part of the Kuwait Emergency Recovery Programme set up in Washington by the US State Department and the World Bank.

Mr John Ghassemian, Inforem managing director, said preliminary work had already been carried out in Jeddah; discussions were going on about when to move the systems to Kuwait City, where a new IBM mainframe computer was being installed. The work would take between four and six months depending on the speed with which essential services could be restored in Kuwait City.

CSC has annual revenues of more than $1.5bn and more than 22,000 employees. It works principally for government. It acquired Inforem two years ago as part of a drive for growth through acquisition.

Pakistan seeks return of labour force to Kuwait

By Farhan Bokhari in Islamabad

MR Ijaz ul-Haq, Pakistan's labour minister, arrives in Saudi Arabia today , where he is to meet the Emir of Kuwait, among others.

Mr Haq will look at ways of increasing labour exports to Kuwait for post-war reconstruction projects, officials in Islamabad said. Traditionally, Pakistan has relied on remittances from its large labour force in Gulf countries to boost its foreign exchange reserves. Losses in remittances are expected to amount to $100m (£52m) this year.

According to government estimates, of the 1.5m Pakistanis working abroad, almost 90 per cent were employed in Gulf countries, but most returned after Iraq's invasion of Kuwait.

About 80,000 Pakistanis worked in Iraq and Kuwait before the August invasion. Almost 60,000 have returned home, officials say.

Some officials, however, are concerned that the big pro-Saddam demonstrations in Pakistan might deter workers from returning to Kuwait.

One senior western diplomat believes Pakistanis might be well placed to take over bureaucratic work from the Palestinians, of whom the Kuwaitis are deeply suspicious because of the pro-Saddam stance adopted by Mr Yassir Arafat, the leader of the Palestine Liberation Organisation.

Land-for-peace call played down by Israel

By Judy Maltz in Jerusalem

OFFICIALS in Jerusalem yesterday played down the promise by President George Bush of "new vigour and determination" in seeking a land-for-peace accord in a statement to Congress on Wednesday.

"It is not the first time these things have been said. Neither is it the first time they have been written. They were also the basis of United Nations resolutions," said Mr David Levy, the Israeli foreign minister.

Israel is expected to reiterate its official position on the peace process to Mr James Baker, US secretary of state, on his arrival here on Sunday.

Mr Ariel Sharon, the hard-line housing minister, yesterday called on Prime Minister Yitzhak Shamir to convene the ruling Likud party's central committee to vote on the party's position on peace talks before Mr Baker's arrival. He said Israel should make clear it will not negotiate on Jerusalem or the Golan Heights.

Reuter adds from Nicosia: The PLO yesterday welcomed "positive elements" in Mr Bush's speech. The executive committee of the Palestine Liberation Organisation also urged the UN Security Council to implement resolutions calling for an end to Israeli occupation of Arab lands.

Britain rules out armed help for Iraqi rebels

By Jimmy Burns

BRITAIN will not interfere militarily to help a popular uprising against President Saddam Hussein, Mr Douglas Hogg, foreign office minister, told members of Iraqi's main opposition coalition yesterday.

The meeting was the highest-level contact between the British government and the Iraqi National Joint Action Committee since it was formed in December.

In what Foreign Office officials described as a "full exchange of views", Mr Hogg told the five-man delegation that Britain looked sympathetically on the issues of human rights, the participation of Kurds in the government of Iraq and the creation of a pluralist society.

However, Mr Hogg is believed to have made clear that Britain was not prepared to offer anything more than "moral support" to the opposition.

A foreign office spokesman said yesterday: "The question of who governs Iraq is a matter for Iraqis."

Until now the calculation in both Whitehall and Washington has been that President Saddam would be ousted in a military coup. However, such a position is now under challenge amid reports that he is reasserting his military grip on the country, according to some Middle East observers.

The Iraqi delegation at yesterday's meeting was made up of representatives of the Kurdistan Front, the Iraqi Communist party, the Iraqi Baath party (Syria), the Da'wa party, and the Supreme Council of the Islamic Revolution in Iraq.

These are five of seventeen organisations which signed a joint statement calling for democracy and human rights in Iraq on December 27.

Unrest in Kurdish-speaking areas on the increase

Turkey fearful of a Kurdistan in Iraq

By John Murray Brown in Ankara

TURKEY IS watching events in northern Iraq with concern that any bid to establish separatist Kurdish rule may spill over into Turkey's own Kurdish-speaking provinces.

The government is pursuing a twin policy, maintaining a hard line against terrorists at home while tentatively seeking new ties with Iraqi Kurdish opposition groups.

Unrest in Turkey's south-east has increased in the past two weeks, with at least seven people reported killed in separate clashes with security officials.

In Idil, on Monday, two people were killed when security police opened fire on 2,000 demonstrators. More than 300 people were arrested, including the provincial chairman of the Social Democrat Party. Newspapers report that shops have closed down in sympathy. Police are cutting off access to the area.

Turkey says it will not countenance an independent Kurdish state in northern Iraq. But President Turgut Ozal's proposal for some kind of ethnic federation of the region's Kurds, Arabs, and Turkish-speaking Turcomans, if far fetched, suggests the government is keen not to be kept from a role in any new political regime that may emerge in Iraq.

Turkey's relations with both Syria and Iran have warmed noticeably. Ankara is aware that these countries have offered bases to Turkey's Kurdish Workers party, PKK, which has fought a sporadic guerrilla campaign for political independence – a campaign which has claimed more than 2,000 lives since 1984.

There have been unconfirmed reports of secret meetings between government officials and members of the Patriotic Union of Kurdistan, PUK, an Iraqi opposition group led by Mr Jalal Talabani.

Furthermore, much to the consternation of Turkish security officials, President Ozal has now floated the idea of a general amnesty. If implemented, this would include members of PKK, such as Mr Abdullah Ocalan, its leader, who is believed to be based in the Syrian-controlled Bekaa valley in Lebanon.

In a move to win over moderate Kurdish opinion at home, the president has now called for some restrictions on the Kurdish language to be lifted.

The proposal has also been strongly challenged by politicians on all sides, a reminder that opposition at home is still the greatest obstacle to President Ozal's search for a political solution to the Kurdish question.

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Kohl to propose a role for Bundeswehr under WEU

By David Marsh in Bonn

CHANCELLOR Helmut Kohl, in an attempt to upgrade Germany's policies on international security, is expected next week to propose allowing German troops to participate in military operations under the auspices of the Western European Union (WEU).

The chancellor's ideas for a change in the German constitution to enable the German army to operate outside Nato are intended to clear up doubts about Germany's role in future defence arrangements.

Suggestions for the constitutional amendment – which would need a two-thirds parliamentary majority – are to be made in a speech in the Bundestag in the budget debate which starts next Tuesday, Bonn officials said yesterday.

Improving Europe's security structure forms a vital prerequisite for moves towards European political union, which Mr Kohl is determined should be driven forward in parallel to moves towards European monetary union.

Uncertainties over Germany's military policy, particularly in the US and Britain, have been fostered by Bonn's initial reluctance to back firmly the allied military action against Iraq in mid-January. Mr Kohl believes Germany must take a more active defence stance because of its greater political weight after unification.

The Bonn government also argues that Europe must prepare for a possible dilution of American involvement in European security after the Gulf war. The constitution, as currently interpreted, rules out use of the Bundeswehr (the German armed forces) outside the Nato area.

Mr Kohl has been proposing for several months an alteration to allow the army to be deployed in United Nations peace-keeping. However, allowing military intervention within the framework of the nine-nation WEU goes some way further. Although the conditions covering deployment would still be carefully drawn up, the idea of operating under Western European Union auspices would give Germany greater leeway for participating in multi-national forces in areas such as North Africa.

A greater role for the WEU as a bridge between the European Community and Nato has already been suggested this week by Mr Volker Rühe, general secretary of Mr Kohl's Christian Democratic Union. Mr Rühe, a close confidant of Mr Kohl, has been increasing his profile lately as a foreign policy counterweight to Mr Hans-Dietrich Genscher, the foreign minister.

On the issue of European monetary union, Ms Elizabeth Guigou, the French minister for European affairs, yesterday held talks in Bonn with Mr Theo Waigel, the finance minister. Ms Guigou said yesterday France and Germany agreed on the essential question of eventually establishing Emu.

But there were still divergences about the "phase two" transition period, due to start on January 1 1994, towards final monetary union.

Mr Wilfried Martens, the Belgian prime minister, has ruled himself out as a possible candidate to succeed Mr Jacques Delors as president of the European Commission, David Gardner writes.

In interviews with Belgium's two leading papers, De Morgen and Le Soir, he said he would instead be standing for re-election in 1992, in an attempt to head his ninth government.

Other names which figure in speculation about possible successors to Mr Delors at the head of the EC executive include that of Mr Ruud Lubbers, the Dutch prime minister, and Mr Felipe González, Spain's prime minister.

Uzbekistan prepares to vote with its stomach

Bread has replaced nationalism as focus of Soviet Asian discontent, Jo Carey writes

SOVIET REFERENDUM

BREAD, not religion or nationalism, commands the attention of the people of the Soviet Union's most populous and potentially rebellious Central Asian state. When the people of Uzbekistan vote on the fate of the union in the ballot of March 17, they are likely to vote with their stomachs.

An Islamic and nationalist revival has swept the region in recent years, leaving Moscow nervously speculating about the threat of revolt. But when the Uzbek parliament met last week it was clear that economic issues were still at the heart of Uzbekistan's relationship with the Soviet centre.

The threatened price reforms have presented the Uzbek leadership with a dilemma. At a time when Uzbek nationalists are angrily criticising the economic ties which bind the republic to Moscow, it is becoming painfully clear to the Uzbek government just how far the republic depends on grants from Moscow to keep its impoverished economy afloat.

Mr Islam Karimov, Uzbekistan's president, told parliament last week that no matter what price reforms were passed in Moscow, the price subsidies on food would not be lifted in Uzbekistan, unless a system of economic aid was introduced to compensate the population for the ensuing rises. This announcement was popular with the deputies.

Most Uzbeks relish any move that indicates Uzbekistan's ability to challenge Moscow's authority. And, more significantly, there is a widespread fear in the Uzbek government that any attempt to lower the living standards of Uzbekistan's population – already among the poorest in the Soviet Union – could provoke a violent backlash.

However, Uzbekistan's crisis-ridden budget simply cannot support either the soaring bill for food subsidies, or a system of social benefits that would compensate the population for price rises. According to the calculations of Mr Shukrulla Mirsaidov, the vice president, maintaining food subsidies to the end of the year would cost some Rbs 10bn, almost the equivalent of the entire Uzbek budget in 1990.

So, in spite of Moscow's ruling that the food subsidies should now be paid for by the republics themselves, Uzbekistan is demanding that Moscow should increase its grants to the republic to pay for a system of social benefits.

During recent years, Uzbekistan – like all the Central Asian republics – has become increasingly dependent on central grants. In 1985, for example, these grants represented only some 5 per cent of Uzbekistan's budget, or Rbs 400m. But by 1990, they had risen to 30 per cent of the budget, or some Rbs 3bn. And by the end of 1990, the republic was demanding at least Rbs 5bn.

These figures are bitterly resented by many in the Soviet centre, who claim that richer republics such as Russia have been bled dry to prop up the economies of Central Asia. But most Uzbeks insist, equally bitterly, that Moscow has exploited their republic's natural resources, and that they have a right to be compensated for this.

"For 70 years, Moscow has treated us as a colony and robbed our riches – that's why we're so poor," claims Mr Muhammad Salikh, a deputy of the Uzbek parliament and leader of the nationalist group, Erk.

The Uzbek leadership's hope of extracting further grants from Moscow seems to guarantee its relative loyalty to the centre at present.

"In light of the centre's economic aid, I think we have to see ourselves as part of the Union," President Karimov told the Uzbek parliament last week during the debate about the forthcoming referendum. His admission has not prevented him from continuing to denounce other aspects of Moscow's economic ties with Uzbekistan, in an attempt to appease the Uzbek nationalists.

In recent months he has repeatedly tried to wrest cotton, the republic's most valued resource, out of Moscow's control by threatening to withhold up to 60 per cent of production for export and direct trade deals with other republics. And at the recent parliamentary session he stressed that Uzbekistan should have the right to establish direct foreign trade links as "an economically independent republic". But in practice, these attempts have had only limited success so far. And they have failed to appease the republic's nationalist parties, Brilik and Erk.

"At first many of us believed that Karimov was progressive, and maybe a nationalist. But now we just think he's a tool of Moscow," said Mr Muhammad Salikh.

The opposition groups, who claim about a million members, began a campaign last week to vote against remaining in the union. But few of them have much hope of success.

"The Communist Party conservatives still control Uzbekistan, so, since they are telling the people to vote to stay in the union, most of them will be too scared to do anything else," claimed Mr Abdurahim Pulatov, the leader of Brilik.

"After all, it's difficult trying to persuade Uzbek peasants of the importance of democracy, or independence, when at the moment they only care about finding cheap bread."

Walesa asks MPs to dissolve parliament

PRESIDENT Lech Walesa appealed to a divided parliament yesterday to dissolve itself and permit fully free parliamentary elections by the end of May, AP-DJ reports from Warsaw.

He also asked for an electoral law that would ensure strong political parties to ease Poland's democratic transition.

Mr Walesa wants free elections to be held on May 26. He also favours an election law in which half the 460 seats would be elected in a first-past-the-post system such as used in the United States.

The other half would be distributed proportionally, allowing some minor parties to win representation.

Mr Walesa is fighting an election law draft supported by parliament's Constitutional Commission that prefers a proportional representation system.

In a letter read to deputies at the start of a scheduled three-day debate on the elections, Mr Walesa urged the deputies elected in partially rigged elections in 1989 to recognise that their time has passed. "Time has already rejected the outdated 'round-table' contract. Once it was necessary. Today it cramps national energy and demoralises public life," said Mr Walesa.

The current parliament was chosen according to the "round-table" deal between Solidarity and the Communist party that reserved 65 per cent of seats for Communists and their then allies.

Although the Communist party has since dissolved, its former members still represent a powerful bloc in parliament.

■ Poland had adopted a flexible stance in debt reduction talks but time was pressing for a decision, the prime minister, Mr Jan Krzysztof Bielecki said yesterday, Reuter reports from Warsaw.

After talks in Germany this week, he said Poland had made fresh proposals to western creditors on its demand for an 80 per cent cut in its $48.5bn (£25.2bn) debt.

But he refused to give details.

Slovenia vote reduces ties with army

The western republic of Slovenia yesterday took another step towards independence from Yugoslavia when its parliament voted to stop sending Slovene recruits to serve in the Yugoslav People's Army (YPA), Laura Silber writes from Belgrade.

The law, which was approved overwhelmingly by deputies to the republic's parliament, says: "Slovene men will complete military service only in the republic's territorial defence units and police force unless they wish to serve in the YPA".

Sweden cuts its discount rate

Sweden's central bank cut its discount rate by 1 per centage point to 10 per cent yesterday to bring it more into line with falling market rates, Robert Taylor writes from Stockholm.

The reduction comes into effect today and reflects signs of growing business confidence in Sweden.

Gorbachev recalls liberal for 'US-style' body

Defence minister Yazov (left), KGB chief Krychkov and foreign minister Bessmertnykh in the Soviet parliament yesterday

MR Vadim Bakatin, one of the "liberal" members of the Soviet government sacked in a pre-Christmas purge of reformers, has been included in a new eight-man security council approved by the Soviet parliament yesterday, Anthony Robinson writes from Moscow.

The new body, headed by President Mikhail Gorbachev, is modelled on the US National Security Council, but reminiscent of the old-style politburo of the Communist party, a small group of powerful non-elected officials.

Although it includes Mr Bakatin, the former interior minister and Mr Alexander Bessmertnykh, the foreign minister, its key members are Marshal Dimitri Yazov, the defence minister, Mr Vladimir Krychkov, head of the KGB, and Mr Boris Pugo, the interior minister, as well as the prime minister, Mr Valentin Pavlov, and Vice-President Gennadi Yanaev. Also on the new body is Mr Yevgeny Primakov, who played a key role in Soviet diplomatic efforts during the Gulf war. Parliament originally rejected his candidature but relented after an appeal by Mr Gorbachev.

The formation of the new security council comes 10 days before millions of Soviet electors are to vote in a referendum on the future shape of the Soviet state. Last week Mr Gorbachev warned of the danger of civil war if political passions did not cool.

Yesterday he told the Soviet parliament that leaders of most of the country's 15 republics had approved a draft version of a new treaty of union. But some of those who took part in the long negotiations over the future shape of the multi-national Soviet state indicated that agreement was less complete than the Soviet president claimed.

Mr Nursultan Nazarbayev, the president of Khazakstan, for example, said the eight republics which took part in the drafting work of the federation council had agreed on only seven out of 10 important points. Seven republics have refused to take part in the talks, including the three Baltic republics which recently held referendums confirming strong majorities in favour of breaking away from the Soviet Union.

Mr Nazarbayev made clear that Kazakhstan, where ethnic Russians make up more than 40 per cent of the population, wanted the future Soviet state to be defined as a "union of sovereign equal states".

This differs significantly from the definition of the new state to be presented for approval on March 17. The text of the referendum asks voters whether they want to preserve the Soviet Union as "a renewed federation of equal sovereign republics". The rebel republics' insistence on defining the future Soviet Union as a "union of states", rather than a "federation of republics", masks profound ideological and political divisions.

Mr Gorbachev and his supporters are determined to preserve the Soviet Union as a great power. More radical figures like Mr Boris Yeltsin, leader of Russia, want a looser form of union on the basis of an agreement between sovereign states similar to the European Community.

Lisbon may curb economic data

By Patrick Blum in Lisbon

THE Portuguese government is proposing sweeping new state secrecy laws which could ban the publishing of basic economic information on the grounds that it might undermine the national interest.

There has been unanimous condemnation of the ruling Social Democrats' proposals from opposition parties.

Some commentators suggest the proposed law harks back to the days of the Salazar dictatorship.

The bill seeks to ban, among other things, financial information which could prejudice the country's interest or diminish the government's capacity to manage the economy (such as discussions about interest and exchange rate policies, on foreign borrowing or of possible changes in taxation).

The draft law also seeks to ban publication of matters considered to put at risk national independence and internal and external security; information on government negotiations with other countries or international organisations; commercial, industrial, scientific or technical information related to national defence or which must remain secret to ensure Portugal's economic and technological competitiveness.

Mr Costa Andrade, secretary of state for justice, said the law was clear. Proof would be needed before anyone could be accused of having broken the law, he added. Whoever obtains "illegitimately" any state secret could face three years in jail.

Italy spends £872m on its test-tube entrepreneurs

BRIGHT-EYED, bespectacled Alberto Ortolani has, at the age of 26, become a sort of "test-tube entrepreneur", John Wyles writes from Rome.

He is one of more than 5,000 aspiring young businessmen whose attempts to launch their own companies in the Italian south are being carefully nurtured by the Italian state under an innovative system of business tutoring.

After nearly four decades of extremely expensive policies which have disappointed every hope of closing the prosperity gap between north and south, Italy is now beginning to evaluate the first fruits of an experimental law passed in 1986 designed to sow and then fertilise the seeds of an entrepreneurial culture in areas where it is so manifestly lacking. *Legge* (Law) 44, as it is known, is not just of interest to Italians. The concept of providing external consultant midwives to nascent companies is also being pursued in France, Britain and Germany.

A conference organised by the OECD in Naples last week heard several accounts of how company tutoring was potentially a much more effective means of launching small businesses than more formal management training schemes which may only partially equip the entrepreneur for the daily problems which will undoubtedly confront him.

"You become an entrepreneur by doing it, not by going to school," said Mr Carlo Borgomeo, the chairman of the Committee for the Development of Young Entrepreneurs, which administers *Legge* 44.

The committee has so far allocated L1,900bn (£872m) in launching and tutoring some 675 business projects with a combined potential payroll of 14,000, mainly in the Italian south. The law is not ungenerous, providing a grant to cover 60 per cent and soft loans for a further 30 per cent of capital equipment costs, together with three-year operating subsidies.

One unusual characteristic of the scheme, given the relative ease with which public aid is distributed in the south, is the rigour with which projects are selected. The 675 which have been approved are only one third of the total which have been submitted. Most of those rejected have failed to convince the committee that there is a market for their products or services.

Tutoring services are being supplied by large private companies such as Olivetti and Fiat.

Critics of *Legge* 44 have pointed to the high cost of job creation (around L65,000 a job) and the likelihood that many of the businesses would have started anyway.

However, Mr Ortolani doubts whether he and his two brothers could have started manufacturing water soluble plastic materials in Naples without the L5bn afforded by *Legge* 44 and without the tutoring they are receiving from a Fiat subsidiary.

Slowdown in French growth

By Ian Davidson in Paris

THE RATE of output of the French economy has slowed in the early months of this year, so that it is now growing at only about 1.5 per cent a year, according to the latest assessment of the National Statistical Institute (Insee).

This is a steep slowdown compared with last year, when GDP expanded by around 2.8 per cent. It compares with the previous Insee assessment of last December which forecast economic growth in the first half of this year at a rate of 2 per cent. The slowdown reflects the impact of slower growth in world trade, high interest rates, and the decline of the yen and the dollar, says the Institute.

Manufacturing output was down by 1.3 per cent last year. Slow growth is also expected in the first half of 1991. Worst hit have been components manufacture and the car industry. Productive investment, formerly a motor of economic growth, started to level off at the end of the year, though still at a relatively high level.

Inflation eased from 3.6 per cent in December 1989 to 3.4 per cent in December 1990.

■ New orders booked by French aerospace companies fell by 9.6 per cent in 1990, partly reflecting the high level of orders in 1989, the embargo on Iraq and the weak dollar, AP-DJ reports from Paris.

Restraint in vogue at Milan shows

Haig Simonian joins the scramble for a seat by the catwalk

Members of the world's fashion caravan swung into Milan this week for the designer collections being modelled for the coming autumn-winter season.

The twice-yearly ritual of the shows, which are held at hourly intervals from Sunday until Thursday, seldom changes as photographers, journalists and buyers press, push and pulse to gain entrance to the huge halls of the Milan trade fair in which top designers like Ferfe Krizia and Valentino display their latest creations. The fact that seats are normally allocated, and that lengthy delays are a matter of course, makes no difference to the hordes striving to get in.

By far the bulk of the audience is female. This year, the Italians, inevitably in the ascendant, appeared more dominant than ever as the number of US and Japanese visitors dropped in the wake of shared fears about airline travel and the economic downturn in the US.

Accordingly, that special species, the US fashion buyer in her mid-50s, weary and weighed down with heavy bags, but just as determined to gain admittance as the rest of them, was clearly outnumbered by the younger European version, all designer accessories and sunglasses to boot.

Quite how any serious buyer or fashion writer can see enough through dark glasses to make serious judgments about the clothes being shown remains intriguing. "It's just so you don't see that all those fashion editors are really asleep," claims one old hand.

The mix of visitors is not all that has changed this season. Suddenly, "restraint" and "discretion" are "in".

A few top desingers, like Missoni, have forsaken the fair for the more intimate surroundings of their city-centre showrooms. Others, like Krizia, have cut their number of shows, while some have also reduced the amount of models used.

The same trend has been visible in many of the clothes. Hence the marked shift away from the sexily-exposed acres of flesh so prominent at last October's spring-summer collections has not been dictated by seasonal factors alone.

Whether influenced by the Gulf war, as some designers have claimed, or by harsher economic realities at home, Italy's top fashion names have moved towards moderation.

However, disorganisation, lateness and mistaken seating remain realities that have not changed. Yet somewhere along the way, the magic starts. Perhaps the chaos is actually essential to the sense of spectacle when the lights finally go down.

The technical side is faultless but superbly reproduced music and outstanding lighting are just adjuncts to the sense of occasion as that thin catwalk, first hidden in darkness, is suddenly bathed in light.

For male observers at least, it is breathtaking. With make-up perfect and not a hair out of place, scores of beautiful young women, presented at their most stunning, parade the imaginative feats of one of the world's most design-conscious and creative countries.

The clothes themselves can tell different stories. This week has brought the cool elegance of Trussardi and the outlandish 60s' pop art of Alma, whose cultural signposts seem to have got badly confused as La Cage aux Folles met the planet Mars.

The photographers, who of course have seen it all before, are a good crowd to be in with.

Sometimes aggressive, as when the shouting matches that often take place in the rush for positions occasionally turn into fully-fledged fights, their racy, chauvinist and even admiring interjections provide an instructive commentary.

Their focus, of course, is on the models. Milan is said to exercise a particular pull in the early career paths of many budding models, particularly those from the US.

Stylish yet restrained: Gianfranco Ferre

But the Milan collections drew their share of the biggest names of the profession too, as the city fills up with what the Italians inevitably refer to as "top" models, rather than just plain models.

This year, both Germany's Claudi Schiffer, and Ludmilla, the severe Russian redhead, made their Milanese debuts alongside more established stars of the modelling galaxy like Linda Evangelista and Naomi Campbell.

Time Warner plans 150-channel cable TV system

By Alan Friedman in New York

TIME WARNER, the US media and entertainment group, yesterday unveiled plans for a 150-channel, two-way interactive cable television system in the US and Europe.

Mr Steve Ross, Time Warner chairman, said he expected that the system would be introduced across America within two years, at an estimated total capital cost of $300m-$400m.

The company also hoped to start launching the service internationally, through local partnerships, within 12-18 months, he added.

The system, making use of the latest fibre optic technology, is to start operating later this year in the Queens area of New York.

It will be programmed to allow subscribers round-the-clock access to pay-per-view movies, plus home banking, home shopping, personal computer links, fax transmission, voice interactive services and personal communications networks. Some of these services will require licence approval.

Mr Ross said the increased offering of pay-TV channels and two-way computer services was expected to double Time Warner's annual cable TV revenues of $1.8bn in five years. Time Warner's aim is to fill the 150 television channels with a wide range of niche programming, including educational, entertainment, home shopping and ethnic broadcasts.

Up to 40 of the new channels are likely to be dedicated to the staggered showing of 10 different films that could be available every 15 minutes.

Mr Ross said that on average, pay-per-view movies were generating an annual $50 per subscriber among the households where these Time Warner services are available.

Time Warner, the second biggest cable operator in the US, has 6.5m subscribers in 36 US states. Mr Nick Nicholas, Time Warner chief executive, said the 150-channel system could generate up to an extra $200 a year per subscriber.

Mr David Londoner, an analyst at Wertheim Schroder, said the potential for a big increase in the company's cable revenues was enormous. "The pay-per-movie offering could generate significant new revenues," Mr Londoner said.

On Wall Street, the announcement sent the company's shares up $2¼ to $110½ yesterday morning.

Mr Ross said "active discussions" were under way with potential partners in the US, Europe and Japan to take minority equity stakes in Time Warner subsidiaries.

These deals, some of which may come before the summer, are aimed at generating $2bn and more to reduce the company's debt load. Time Warner remains saddled with $11bn of debt stemming from its creation, by way of merger, in 1989.

Democrats lie low as George Bush rides high

The president has record ratings after the war, but he's vulnerable on the home front, writes Lionel Barber

SHORTLY after President Bush's approval ratings shot up to 90 per cent in the polls, Republican Congressman Newt Gingrich of Georgia said: "The *number of people* who don't like George Bush is almost down to the number of people running for the Democratic nomination."

With the presidential election just 20 months away, the Democratic party looks about as combat-ready as the Iraqi army. A convincing candidate has yet to step forward, and the congressional leadership appears demoralised – jolted by Republican taunts that most Democrats voted in January against the use of force in the Gulf.

Mindful that this could be a big campaign theme next year, commentators such as Mr David Broder of the Washington Post are suggesting that *the Democrats* may not have conquered the legacy of the Vietnam war which split the party. Just to prove the point, Mr George McGovern, whose anti-Vietnam campaign was crushed by President Richard Nixon in 1972, is dropping hints that he wants to run in 1992.

This week, the first outlines of the Democratic counterattack began to emerge. Its fundamental premise is that however heroic Mr Bush's exploits may be abroad, his record at *home is highly vulnerable.* Sooner or later, the pendulum must swing away from the "parade politics" of the Gulf war to issues such as jobs, wages, health and education.

Opinion polls indicate that voters agree. A Washington Post poll this week revealed a 20-30 point gap between Mr Bush's foreign policy approval ratings and his ratings on issues such as education, the economy and the environment.

The future course of the economy remains critical to the Democratic sales-pitch. Democrats groaned this week when Mr Alan Greenspan, the Federal Reserve chairman, predicted a boost to consumer and business confidence in the coming months as a result of the Gulf war. Their hopes are pinned on Mr Greenspan's other worries: the unavailability of bank credit and the prob*lems in the property markets.*

Mr David Dreyer, communications director for Congressman Richard Gephardt, House majority leader and a potential presidential candidate in 1992, pointed out yesterday that the war had papered over troubling news for the country. "Chrysler stopped making cars for a short period last month: Citicorp sold 15 per cent of its stock to a Saudi prince; Chase Manhattan sold its asset management business to a Swiss group; 60 per cent of microcircuits used in the US are now being manufactured abroad, mostly in Japan. These are stories about the decline of American strength and the loss of American jobs," he said.

A group of senior Democratic Senators led by Mr Lloyd Bentsen, another potential candidate in 1992, this week put forward a bill to provide tied *aid to encourage developing* countries to buy US products and services, and strengthen US trade policy against the Germans and Japanese.

Trade is the "sleeper" issue. House Democrats led by Mr Gephardt are warning the White House of heavy opposition to the proposed US-Mexican Free Trade Pact because of concerns about cheap labour flowing over the border. The Democratic price for approval will be more money for work retraining, combined with other labour and environmental issues.

A second pointer will come next month, when Democrats intend to force a vote on Mr Bush's budget, specifically his proposal for a *capital gains tax* cut and the planned heavy cuts in Medicare health care for the elderly.

Mr Kevin Phillips, a Republican political analyst, says the Democrats can partly defuse the Gulf war factor through tactical attacks. "How much are the allies really paying, what are the Japanese doing, just how much did Jim Baker promise the allies for their support? There are a lot of IOUs out there."

To date, however, no single Democratic candidate has come forward knitting these domestic and foreign themes into one coherent view, and time is running out.

Senator Sam Nunn, bruised by his vote *against force last* January, seems to be holding back, as does Governor Mario Cuomo of New York. Mr Gephardt and Senator Al Gore *seem interested, but they may* be waiting for Mr Bentsen to decide.

As for Mr Gingrich, he is urging Desert Storm veterans to join the Republican party and run against incumbent Democrats. Yet only four months ago, the same congressman was denouncing Mr Bush for his budget deal. Memories are short in Washington, which encourages Mr Dreyer to predict: "The bigger everyone builds up Mr Bush, the harder he will fall."

Dissolution of Indian parliament delayed

By David Housego in New Delhi

THE expected dissolution of the Indian parliament was delayed yesterday by procedural disputes between Mr Rajiv Gandhi's Congress party and the main opposition parties.

The opposition, led by the Hindu BJP party and the Janata Dal, demanded that President R. Venkataraman announce his intention to dissolve parliament before they agreed to support a finance bill to enable the government to meet current spending after March 31.

The finance bill and other measures, such as a constitutional amendment to prolong direct rule from Delhi over the Punjab, need to be passed before parliament is dissolved.

The opposition's intention in making these unusual demands is to prevent last-minute manoeuvring by Mr Rajiv Gandhi. They feared that if the finance bill, a "vote on account", was passed, Mr Gandhi might feel free to renew his attempts to form a government, thus postponing elections.

Both Mr Gandhi and the president strongly objected to what they considered were "blackmail" tactics demeaning the president's office.

Parliament, which the president had been expected to dissolve yesterday, was adjourned to Monday. The intention then is that it pass the "vote on account" and other urgent measures, before it is dissolved.

A Congress spokesman said yesterday his party favoured immediate elections.

This did not prevent increasing speculation that Mr Gandhi was seeking to form a new government under his own leadership. His party remains severely divided over the best course of action.

All the other parties – a *majority in parliament* – remain committed to a dissolution and early elections.

● Standard and Poor's has downgraded implied ratings of India's long-term debt to BBBi-minus from BBBi and short-term debt to A-3i from A-2i, and placed the ratings on CreditWatch with negative implications.

The State Bank of India's short-term ratings are also downgraded to A-3i from A-2i, and placed on CreditWatch.

S/P said the actions reflect *serious strains in India's* already difficult external liquidity and overall payments positions, whose management is being hampered by a weakened political leadership.

India's state of uncertainty, Page 19

A subdued Mrs Mandela arrives at the Rand Supreme Court in Johannesburg yesterday

Mandela witness 'had to wipe blood off wall'

By Patti Waldmeir in Johannesburg

A KEY witness in the trial of Mrs Winnie Mandela claimed yesterday that he was forced to wash his own blood from the walls of a room where Mrs Mandela and others had punched and whipped him and three other black youths in 1988.

"There was blood all over," Mr Kenneth Kgase, 31, told the Rand Supreme Court, where Mrs Mandela and three others are being tried on charges of kidnapping and assault.

On Wednesday, Mr Kgase told the court that Mrs Mandela and others punched, whipped and kicked him and three younger boys at Mrs Mandela's Soweto home.

On the morning after the assault, he said, Mrs Mandela's chief bodyguard, Mr Jerry Richardson, ordered three of the boys to wash blood from the walls of an outbuilding where they were assaulted, and ordered Mr Kgase to wash blood from an empty jacuzzi where one of the boys, 14-year-old Stompie Seipei, had been severely beaten. Stompie was later found dead in a Soweto ditch with his throat cut. Mr Richardson was sentenced to death last year for the murder.

Mr Kgase said Mr Richardson imprisoned the four in an outbuilding of Mrs Mandela's home, and recited what he called the rules of the house, which included one that stipulates if the four tried to run away, they would be in danger.

According to Mr Kgase, Mr Richardson said Stompie, allegedly accused of being a police informer, was not going to live long because he had done something "very, very wrong".

Defence counsel spent much of the day trying to cast doubt on the credibility of Mr Kgase. Counsel for Mrs Mandela, the wife of Mr Nelson Mandela, deputy president of the African National Congress (ANC), suggested that Mr Kgase was a "publicity seeker". Mr Kgase replied simply that he was Mrs Mandela's "victim" and that he had no reason to implicate her.

● Mr Enos Mabuza, Chief Minister of Kangwane homeland and one of South Africa's most respected political figures, yesterday announced his surprise resignation after 13 years in office, writes Philip Gawith in Kangwane.

Mr Mabuza won a reputation for genuinely improving the lot of his people. He also identified publicly with the aspirations of the African National Congress (ANC) long before it was fashionable to do so.

Those close to Mr Mabuza speculated that his decision may have stemmed from dissatisfaction with the government following the February 26 meeting between state president Mr F.W. de Klerk and homeland leaders.

His political stature is recognised across party lines.

Although Mr Mabuza stressed that he did not have political ambitions, he did allow the possibility that he might re-enter politics if his people demanded it and he thought there was a role for him to play.

Investors 'turn away from Latin America'

INVESTORS are losing interest in Latin America, despite efforts by many governments to attract foreign capital, Mr John Reed, Citicorp chairman, warned yesterday, John Barham writes from Buenos Aires. Eastern Europe and the Soviet Union would demand more capital, and the end of the Gulf War would attract even more to rebuild Kuwait and Iraq, he said during a visit to Argentina.

He urged Argentina to reduce its $7.5bn (£3.9bn) interest arrears. It began making interest payments to foreign banks last June after a two-year moratorium, but has rejected calls to raise monthly payments to $100m from $60m.

Power-limiting law

Brazil's House of Representatives has passed a law limiting President Fernando Collor de Mello's ability to rule by decree. If approved by the Senate, it will greatly reduce the president's power, Victoria Griffith reports from São Paulo.

The curbs were proposed *because of growing congressional fears the president was* over-using laws which go into effect without congressional approval.

The president made use of these laws in putting into effect the Collor Plan last year and the new economic plan a month ago. The constitution gives the president the right to use the laws in times of "relevance and urgency".

Nicaragua pay row

Talks between the Nicaraguan government and opposition trade unions have broken down, with no agreement on pay rises, Tim Coone reports from Managua. The latest round of pay-bargaining was triggered by an 80 per cent devaluation last weekend. The powerful National Workers' Federation wants an across-the-board 600 per cent pay increase.

Mr Lucio Jimenez, the FNT secretary-general, said the unionists' reduced their demand to a 425 percent increase but that also was rejected by the government.

S and L bail-out

The US House of Representatives banking committee approved $30bn for the federal bail-out of the savings and loan industry, Reuter reports from *Washington. The administration* sought the money to keep the operation running through September. The funding bill has no conditions attached, and was passed 36-13.

'Stolen documents used to blackmail Westpac bank'

By Kevin Brown in Sydney

WESTPAC Banking Corporation, Australia's biggest bank, claimed yesterday that documents stolen from its Sydney headquarters were being used to blackmail it into dropping a civil court action for the return of allegedly *embezzled funds.*

The letters, written by Westpac solicitors in 1987, have been at the centre of a judicial and political battle between the bank, politicians and some of Australia's biggest media groups.

The documents contain details of the alleged mismanagement of foreign currency loans by Pacific Partnership, a former merchant bank subsidiary, which are the subject of litigation by some borrowers.

Mr Stuart Fowler, managing director of Westpac, said Westpac had been told the documents would be made public "if it did not discontinue certain civil litigation brought by the bank to recover very large sums allegedly misappropriated".

Westpac has been fighting for several weeks to prevent publication of the documents, copies of which have been posted anonymously from France and Belgium to media organisations and politicians.

Extracts have been published in some Australian newspapers and aired in state parliaments, but public comment has been restricted by court injunctions obtained by *Westpac. Mr Fowler released* copies of two of the letters yesterday, following a request from a federal parliamentary committee which is investigating the banking industry.

But he refused to give details of the alleged blackmail campaign to avoid prejudicing "the fair trial of pending criminal charges" relating to the blackmail allegations.

The letters, written by Allen Allen and Hemsley, the bank's solicitors, relate to foreign currency loans made to Australian residents through Pacific Partnership in the mid-1980s. Many borrowers lost substantial sums when the Australian dollar depreciated in 1987.

The letters describe a "management vacuum" within Pacific Partnership, and say the loans were "a bad idea, introduced at the worst possible time, and badly managed".

Mr Fowler said there had been a "deliberate and orchestrated campaign" to publish the letters by journalists and others who were "prepared to traffic in stolen documents." He also suggested that Senator Paul McLean, an outspoken critic of Australia's banks, had distributed copies of the stolen documents in contempt of a ruling by the New South Wales Supreme Court.

Senator McLean has described the management of *the Pacific Partnership loans* as "serious malpractice perpetrated by senior bank personnel, which will shake Australia's banking industry to its very foundations".

Westpac says the letters and documents relate to an inquiry into Partnership Pacific launched by the bank when it became aware of problems with fewer than 100 managed foreign exchange accounts.

The offshore loans offered borrowers interest rates lower than domestic rates, but the *system hit problems when the* value of the Australian dollar began to fall against other currencies, causing a rise in the repayments.

The bank says it addressed the problems "in a timely and appropriate manner", and subsequently closed Pacific Partnership. However, the publication of the letters is likely to lead to further allegations of mismanagement.

Deal sets $1bn Nigeria project back on track

By William Keeling in Lagos

FINANCING for the $1bn Oso-condensate project is back on track, following an agreement in principle between the government and the London Club of commercial banks on the rescheduling of Nigeria's $5.8bn bank debt.

Nigeria had been in arrears to the banks, which had threatened to retaliate by exercising their right to refuse the government permission to offer security against loans required for the oso-condensate project.

Without federal government security, the World Bank would have been unable to follow through on a $150m pledge to the Osoproject. Also in doubt were loans totalling $400m from the United States and Japanese Eximbanks and *Coface, the French export* credit agency.

The agreement between the government and the London Club, which involves payment to the banks of some $300m of arrears, clears the way for these loans.

The role the commercial banks themselves will now play in the project's financing remains in question. Under the original package agreed last June, commercial banks were to be called on to provide for up to $90m of finance.

Sources close to the project report that the european *investment bank has been* approached to provide an alternaive to commercial bank financing.

The project, owned jointly by the Nigerian National Petroleum Corporation (60 per cent) and Mobil Producing Nigeria (40 per cent) is designed to develop the 450m barrel Oso field with production of 100,000 barrels per day beginning in 1993. Project officials say that $300m has already been committed to the project and that contracts worth $450m have been awarded.

● The price for Nigeria's commercial bank debt has risen to 42 cents in the dollar, up three percentage points since last weekend's $5.8bn rescheduling agreement, which includes a debt buy back provision, was initialled by the government and the London Club group of commercial banks. It reflects speculation that the previously anticipated 40 cents in the dollar.

End Uruguay Round soon, says Lilley

By Peter Montagnon, World Trade Editor

THE Uruguay Round of multilateral trade talks must be brought to a speedy conclusion, preferably by the summer, but certainly no later than the end of this year, Mr Peter Lilley, UK Trade Secretary, said yesterday.

Without the discipline of a fresh deadline, a risk existed that accords already reached could unravel and the round be caught up in the 1992 US presidential election, he told a Royal Institute of International Affairs conference *in London.*

It would also become difficult to contain bilateral trade disputes kept on ice pending the outcome of the round, he added.

Mr Lilley's remarks were echoed by Mr Renato Ruggiero, Italian trade minister, who said it would be "devastating" if extension of the US "fast-track" negotiating authority until 1993 led negotiators to believe they had a full two years left to complete the round.

But the two ministers' views contrasted with those of Mr Arthur Dunkel, Gatt director-general.

In his first big speech since the talks resumed at the end of last month, he cautioned against the setting up deadlines which had proved counter-productive in the past.

Mr *Renato Ruggiero*, Italy's trade minister, launched a fresh attack on the European Commission yesterday for what he called its failure to keep trade ministers informed about the Uruguay Round and other trade policy matters, Peter Montagnon writes.

During last December's Brussels ministerial meeting, which left the Uruguay Round deadlocked, *ministers were kept out of the* negotiations by the Commission and not fully informed of what was going on, he told the Royal Institute *for International Affairs.*

"Even more bizarre was that, at times, we would happen to be informed by our very counterparts [from outside the EC] about the Community position."

Mr Ruggiero called for the establishment of a regular council of EC trade ministers. The fact that most trade policy decisions in the EC were taken by foreign ministers, he said, left trade ministers in Brussels ill-equipped to balance the views of their farm colleagues who meet regularly and work as a group.

Differences of views among governments meant that achieving consensus on a new timetable would be difficult. Had one been sought, resumption of the round might have been delayed indefinitely.

A feasible target date for completing the round could soon emerge naturally through the process of negotiation within the next few weeks, he said.

When it did, it would be less an indication of a need to put pressure on negotiators than an expression of certainty that the talks could be completed within a given time-frame.

Delegates said *signs existed of a wide* split between the European Community, which is anxious to complete the round quickly even if the result is relatively modest, and other participants, who are looking for an ambitious package of trading reforms. Foremost among these is the US, still seeking a strong deal that can be sold to Congress.

Despite the temporary setback following the breakdown of the talks in December, Mr Dunkel said a strong political commitment existed throughout the world to completing the round. A substantial final deal, not just a face-saving one, was needed.

One immediate benefit from the resumption of talks was that the standstill commitments on protectionism, agreed at the launch of the round in Punta del Este, Uruguay, could remain in force, he added.

Despite some "regrettable" lapses, these commitments had allowed new protectionist measures to be held in check. Care and restraint had been exercised, and recourse to the Gatt dispute settlement mechanism had increased.

The strengthened dispute settlement procedure agreed in Montreal in 1988 could also remain in force now that the round had resumed.

Yet legislators and the business community were becoming impatient. "We cannot permit a situation of drift or take too long to achieve results."

"There is also recognition that steady, solid background work – devoid of confrontational rhetoric – over the coming months is essential to prepare the ground for the final prize that slipped from our grasp in December."

A second deadlock would be the "kiss of death" to the 4½-year-old effort to reform the trading system.

'Encouraging signs' in Philippines' economy

By Greg Hutchinson in Manila

PROSPECTS for the Philippines' economy have improved, following the end of the Gulf War, the drop in oil prices and and the resumption of external lending, Mr Jose Cuisia, the central bank governor, said yesterday.

The International Monetary Fund's approval last month of nearly $1bn of loans linked to an austerity programme and the pledging last week of $3.3bn in development and other assistance by more than 20 donor countries and agencies in Hong Kong, had both enhanced the country's prospects, Mr Cuisia said.

He noted the stock market's rally, a decline in interest rates and that the government's privatisation programme was moving into higher gear, with the sale last month of the Philippine Plaza Hotel for pesos 1.5bn ($54m).

However, he said inflationary pressures remained and monetary policy would be tight, although he did not see a re-escalation in prime and treasury interest rates to their levels in December-January of 30-35 per cent. They are now 20-25 per cent.

Government revenues, Mr Cuisia said, were exceeding targets and may soon allow a reduction in the controversial nine per cent import levy.

The levy, introduced to raise revenues after Congress baulked at passing new tax laws, has alarmed foreign investors such as electronics manufacturers, whose inputs are mainly imported.

Mr Cuisia said some prospective investors may have been scared away, and he expected Congress would soon pass some tax measures on the wealthy.

Latest estimates showed that the deficit in the Oil Price Stabilisation Fund had fallen to pesos 15.5bn from 16.6bn and that the shortfall may be eliminated by July.

OECD Export Credits Rates

THE Organisation for Economic Co-operation and Development yesterday announced new minimum interest rates for officially-supported export credits (February rates in brackets): D-MARK 9.60 per cent (10.01); FRENCH FRANC 10.68 (11.31); GUILDER 9.65 (10.05); ITALIAN LIRA na (13.04); YEN 7.30 (7.60); PESETA 15.13 (15.51); STERLING 11.23 (11.80); SWISS FRANC for credits of less than eight years 8.30 (same); for credits of more than eight years 8.55 (same); US DOLLAR for credits of up to five years 8.37 (8.60); for credits of over five years 8.77 (9.00).

These rates are published monthly by the Financial Times, normally on the second Tuesday or Friday of each month, whichever is sooner. They apply to all export credits, except that on those to middle-income and poor developing countries the OECD matrix rate can be used if lower. This is a standard set of rates reviewed twice a year, in January and July.

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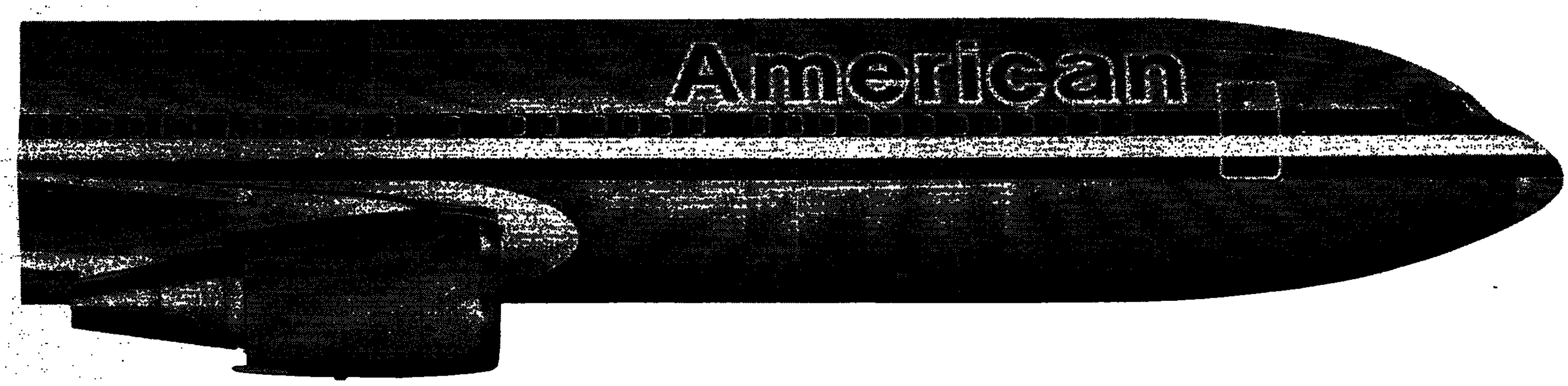

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هكذا من الأصل

UK NEWS

Government upholds move to strip BA of Tokyo slots

By Paul Betts, Aerospace Correspondent

MR MALCOLM Rifkind, the transport secretary, yesterday upheld a controversial decision by the Civil Aviation Authority to strip British Airways of two of its weekly landing rights at Tokyo's Narita airport and hand them over to Virgin Atlantic, BA's smaller rival. The move has set the stage for a confrontation with BA, the UK flag carrier.

The decision comes barely two days after Mr Rifkind lifted restrictions on new airlines flying to London's Heathrow airport, BA's main operating base.

Malcolm Rifkind: backs route transfer to Virgin

BA, which opposed the move to open up Heathrow to all airlines, said Mr Rifkind's decision to hand over two of its slots at Narita to Virgin would weaken the airline's position against increasingly tough international competition.

BA appealed to Mr Rifkind in January against a CAA ruling to take away two of its Tokyo slots after a public hearing. Lord King, BA's chairman, made it clear at the time that he intended to fight to retain the Tokyo slots – arguing that the move did not constitute competition but substitution of one airline for another.

Lord King has also suggested that some of his company's shareholders might decide to take the government to court. He argued that the airline had been given assurances at the time of its privatisation four years ago that there would be no arbitrary changes in its routes and in regulatory policies.

Mr Richard Branson, the chairman of Virgin Atlantic, had sought additional slots at Narita to operate a daily service between Gatwick and Tokyo.

He argued that unless he could operate daily services he would be unable to compete on this expanding route. He also said his airline would increase customer choice and competition on the route.

Virgin Atlantic had sought six additional weekly slots at Tokyo, but the CAA decided to grant it only two. This enables the independent carrier to operate six instead of four weekly services to Tokyo. This nonetheless constituted a victory for Virgin and a setback for BA.

The problem arose because there are only 38 weekly slots available for UK carriers at Narita and the Japanese authorities have refused to grant British carriers additional slots.

BA blamed the UK government yesterday for failing to negotiate a more favourable bilateral air service agreement with Tokyo. "The government failed during last year's UK-Japan bilateral talks to conduct a tough US-style negotiations," BA said, referring to the successful way in which the US recently secured additional slots at Narita for four US carriers.

BA added that the Japanese authorities had imposed an artificially low number of aircraft movements per hour at Narita. "We now have to pay for the government's failure. Our business, our shareholders, and this country will suffer," BA said.

But Mr Rifkind said that both BA and Virgin would be able to offer more seats on the Tokyo-London route this summer than last.

Coming on the heals of his move to open up Heathrow to more competition, Mr Rifkind's decision on the Tokyo route further underpins his commitment to liberalise air transport and develop a multi-airline industry in the UK.

Policy unit to consider idea of wage bargaining

THE PRIME minister's policy unit is to consider the national co-ordination of wage bargaining in a move which could mark a break with the government's previous hostility towards central pay determination, writes Michael Smith.

The initiative follows more than a decade in which the government under Mrs Margaret Thatcher repeatedly stressed that pay should be determined at a local level by individual employers.

There has been growing interest among unions and some academics in the co-ordination of pay settlements each year, involving a national discussion between employer and union representatives – and, possibly, the government.

The policy unit has invited the Campaign For Work, a pressure group which backs wage co-ordination, to a meeting later this month.

It is understood that the Department of Employment was not consulted about the invitation.

Mrs Molly Meacher, Campaign For Work director, said the unit wanted to discuss issues including training, but had made clear that its primary interest was in discussing pay co-ordination. The policy unit said it could not comment on the topics it was examining.

The invitation comes three months after government ministers rejected an offer by leaders of the Trades Union Congress to attend national talks on pay and productivity to ease Britain's full entry to the European Monetary System.

Mrs Sarah Hogg, the former economic journalist, was appointed to head the policy unit by Mr John Major shortly after his election as leader of the Conservative party in November. Mrs Hogg is seen as more of a pragmatist than Professor Brian Griffiths, her predecessor.

Mr Michael Howard, employment secretary, has rejected the idea of wage co-ordination. The idea has also been strongly criticised by the Confederation of British Industry, the employers' organisation. Both have emphasised the need for local productivity bargaining.

Daiwa's HQ hampered by listing

By Andrew Taylor, Construction Correspondent

PLANS by Daiwa, the Japanese securities house, to build a European headquarters at London Wall in the City of London have been thrown into confusion because a building which occupies part of the site has been listed.

The listing last month by the Environment Department could prevent the company from proceeding with plans to demolish a 1920s telephone exchange which currently stands in the way of the development.

Daiwa is understood to have paid about £100m to acquire the site two years ago from London & Edinburgh Trust, the property developer.

Mr Nicholas Clegg, vice-chairman of Daiwa Europe, said yesterday: "We have heard of the listing. We are attending to it. But it in no way affects our existing decision to establish our European headquarters in London."

Listing of buildings of architectural or historical importance imposes restrictions on developers seeking to demolish or alter the premises.

The design of Daiwa's headquarters by architect Richard Rogers, which includes the demolition of the telephone exchange, had been approved previously by the Royal Fine Arts Commission.

The building of more than 300,000 sq ft is planned to accommodate about 1,000 people. Daiwa said yesterday that no timetable had been set for the completion of the development.

The listing of the exchange in Wood Street was requested by English Heritage.

The move has angered the City of London Corporation which had worked closely with Daiwa and Richard Rogers in the preparation of the proposals.

Major assault on Scottish voters

James Buxton on changing Tory party fortunes north of the border

FOR THE second time in less than two months, Mr John Major, the prime minister, is visiting Scotland. The official line is that he has again come to listen. But he clearly believes it is a priority to try to recover ground lost by the Conservative party in Scotland under Mrs Thatcher.

Scotland is one of the few parts of Britain where the Conservatives could hope to gain seats at the next election, though until recently further losses seemed likely. After the last general election, only 10 of Scotland's 72 MPs were Tory and the party had 24 per cent of the vote. This compared with 22 MPs and 31.4 per cent of the vote in 1979.

When Mr Major visited Edinburgh in January he said: "If you think I am only interested in holding our ground in Scotland or picking back one or two seats, you are wholly wrong. I want a great deal more than that."

Scots who met him were taken aback by his friendliness and well-preparedness after the combative style of his predecessor. At a meeting with Scottish journalists, who are used to being harangued by the previous prime minister, one grizzled reporter asked for Mr Major's autograph.

The departure of Mrs Thatcher produced an immediate jump in the Tories' opinion poll standing in Scotland – from 16 per cent in November to 24 per cent in December. This rose to 30 per cent in January – the highest level since 1983 – but fell back to 23 per cent by the end of February.

Mr Ian Lang, the Scottish secretary, says the main reason for the party's revived popularity is that Mr Major "has struck a chord with his measured and articulate manner." Another reason is "a growing recognition of the greater inherent strength of the Scottish economy and a feeling that Scotland is not bearing the brunt of the recession."

Mr Lang is very different from Mr Malcom Rifkind, his predecessor. Mr Rifkind was sparky and argumentative; Mr Lang is calm and restrained. Mr Rifkind was inclined to tell people they were wrong, whereas Mr Lang simply asserts his own point of view. Mr Rifkind was usually fun; Mr Lang could be described as rather dull.

Scottish secretary Ian Lang, above, thinks Major has struck a chord with the electorate

For five years he toiled away in the Scottish Office as minister of state, attracting little attention outside Scotland. With unflagging patience, he repeatedly argued the merits of the poll tax (which pays for local services) and which was introduced in Scotland. Always well-groomed and unruffled, he became master of the defensive batting stroke.

What most people never see is a man who can make a superb after-dinner speech and mimic a variety of accents to perfection. "I do wish Ian would show the amusing side to his personality more often," is a lament often heard among his supporters.

Mr Lang has thrived in the lighter atmosphere in Scotland which followed the departure of Mrs Thatcher. The former prime minister was so unpopular in Scotland that she tainted everything the government did, as well as splitting the Conservatives between moderates and Thatcherites. The latter were led by Mr Michael Forsyth, the Scottish Office minister who was chairman of the Scottish party for a turbulent year until last summer.

"There's a buoyancy in the Tory party associations that has not been seen for some time," says Mr Lang, pointing to the creation of new branches in north-east Fife and his own Galloway constituency. "I don't know if our rise in the opinion polls will be sustained but I do feel confident when I see the enthusiasm of our supporters on the ground."

Mr Forsyth, who might have expected in due course to have become Scottish secretary if Mrs Thatcher had stayed in office, is keeping a relatively low profile as minister of state for education and health, wrestling with the introduction of testing in primary schools.

But even though signs of recession are much less glaring in Scotland than in the south of England and unemployment has only recently edged upwards, there are plenty of problems facing the Scottish Office team. Mr Lang may also have begun to realise, as did his predecessors, that the job of Scottish secretary confers responsibility with little power.

Currently he is embroiled in arguments with the government in London over the future of the poll tax; having invested so much political capital in the tax he is believed to be arguing for improving it, rather than returning to the old property-based system.

Yet the accelerating rundown of the Scottish steel industry – with 3,000 jobs lost this year and the Ravenscraig plant being cut down to a single blast furnace – seems to have met with more resignation in Scotland than might have been expected.

But Mr Lang rejects the idea that the seemingly doomed steel industry should be closed as soon as possible. "I'm not going to be the one to write off the steel industry. It would be quite wrong and premature from what is still potentially a major employer."

Arguably a bigger potential problem is the possible closure of the Rosyth naval base in Fife, with the potential loss of 2,300 jobs. The Ministry of Defence now says this looks probable. The idea of closure came suddenly and to many Scots looks like a typical example of the interests of the south of England being favoured at their expense.

All Mr Lang will say is that closure is one of many options. "I am fully seized of the economic implications of an adverse decision," he adds. The decision by the US to close its submarine base at Holy Loch was another unexpected blow.

Yet there are some encouraging signs for the Scottish Conservatives: the fight, by Labour and Liberal Democrats for a Scottish parliament has lost some of its urgency with Mrs Thatcher's departure. An opinion poll this week in The Scotsman showed support for the constitutional status quo at 25 per cent – it has rarely exceeded 20 per cent since 1987.

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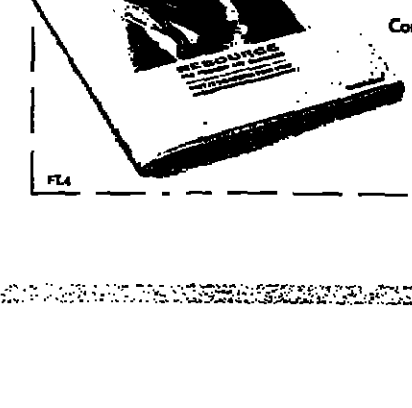

To: Mr. J.G. Whitlome, Room 537, British Gas plc, 326 High Holborn, London WC1V 7PT. Send me a copy of your Resource brochure. ☐ Arrange for me to be contacted by a member of the Resource team. ☐

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FT.4

British Gas

HEALTH SERVICE

Doctors say reforms will cost £80m

By Alan Pike, Social Affairs Correspondent

MANAGEMENT salary costs in Britain's state-run National Health Service (NHS) are likely to rise by at least £80m a year as a result of next month's health reforms, the British Medical Association (BMA) said yesterday.

The BMA, the professional body representing Britain's doctors, has campaigned against the reforms to the health service.

It believes that its fears that such reforms would lead to a growth in the size and cost of NHS bureaucracy have proved correct.

Dr Ian Field, BMA secretary, said the association was demanding a government guarantee that "the additional money that is going to flow from this explosion of bureaucracy is not going to come from the clinical care of *patients*".

The BMA estimate of an extra £80m in managers' salaries is based on monitoring of recruitment advertisements. It says that, in the six months *between last May and October*, health authorities advertised for almost 1,800 new staff to fill administrative posts created specifically in response to the NHS changes. The BMA survey shows a wide range in the number of new administrative posts created by the reforms.

The total salary bill for these posts was £41m, and the £80m estimate assumes the continuation of the trend for a year.

A check in January showed that it was continuing, and that the first 57 hospitals and other facilities which are due *to become self-governing trusts* next month had already begun recruiting drives as well.

Administrative costs in the NHS – estimated at around 6 per cent of total expenditure – *are lower* than in most other health care systems.

Dr Field said the US system's administrative costs were triple those of the NHS and there was a danger that the reforms would "push the UK in that direction".

He said the estimated £80m increase in managerial salaries compared with £14m promised by ministers to reduce junior doctors' working hours, and £35m which the government provided in January to cut hospital waiting lists.

Next month's reforms will *separate* the funding of health care from its provision. The BMA says that the funding split will lead to many jobs having to be duplicated in health authorities purchasing services and hospitals providing them.

Its £80m estimate covers only specific managerial posts, and takes no account of extra staff recruited to support the new managers. Dr Field said he did not believe higher managerial costs could be financed through further NHS efficiency improvements.

"They have already squeezed that particular lemon fairly dry," he said.

Chemical pollution to be monitored

THE UK chemical industry has agreed for the first time to a systematic programme of measuring companies' environmental performance and to publishing the results, writes Clive Cookson.

The environmental monitoring system *will be* an extension of the "Responsible Care" programme begun two years ago by the Chemical Industries Association. All but three of the 215 CIA member companies – *representing the vast* majority of UK chemical manufacturers – have accepted the programme. The performance indicators will include:

- An "environmental index" comprising the five most important pollution parameters for each chemical plant;
- Output of hazardous substances defined by the government as special wastes;
- Output of pollutants that are especially harmful to the aquatic environment;
- Incidents while transporting chemicals;
- Energy consumed per tonne of product;
- *Number of complaints from* the public.

The environmental index is based on a method pioneered by Rhône-Poulenc in France and used in its UK subsidiary *since 1990.*

Regulator tries to defuse UK fears on environmental costs

By Richard Evans

FT
CONFERENCE
EUROPEAN WATER INDUSTRY

LORD CRICKHOWELL, chairman of Britain's National Rivers Authority (NRA), the water industry's environmental regulator, yesterday sought to defuse growing tensions over the potential cost to UK industry of environmental improvements demanded by the European Community and the NRA.

The issue of ever-rising charges on top of those needed *to fund the industry's £28bn* capital programme over the next decade has led to friction between the recently privatised companies and the industry's two regulators, the NRA and the Office of Water Services (Ofwat).

Both Lord Crickhowell and Mr Ian Byatt, director general of Ofwat, made it clear at yesterday's FT conference in London on the European water industry that they were anxious to avoid confrontation and to make sure that costs to consumers did not get out of hand.

Lord Crickhowell, who has fought aggressively for higher environmental standards from the industry, said there had been "a remarkable improvement in operational efficiency" as a result of some court cases and many threats to prosecute pollution infringements.

He said representatives of the industry frequently gave the impression that the only way to improve standards was by vast capital programmes, but he had found improvements had already taken place while most of the capital programmes were still in the embryo stage.

In cases where there had been improvement, the water companies faced with the embarrassment of prosecution had immediately tightened up management and put additional resources into the operational side of their businesses.

He said there were also encouraging signs that the industry was seeking to anticipate environmental improvements that *would* be required in the future, and was using the latest technology to achieve standards well in advance of those demanded by regulators.

Mr Michael Swallow, director of the Water Companies Association, which represents the 26 former statutory water companies that have always been in the private sector, welcomed the NRA's approach, but argued that diffuse pollution *of water sources was just* as serious as one-off pollution incidents.

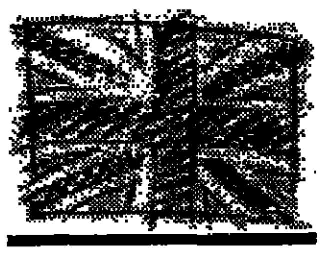
He urged the NRA to give top priority to the pollution caused by the application of fertilisers and pesticides, which created problems that could be very expensive to solve.

Mr Byatt concentrated on alternative charging systems for the industry, which will follow the phasing out of the rating system on which present charges are based.

New methods will have to be in place by the end of the decade.

He appeared to favour metering, particularly in areas of water shortage, like the South East, but stressed it would be up to individual companies to choose the most suitable method.

BRITAIN IN BRIEF



Government to claw back power shares

The government confirmed that shares in National Power and PowerGen, the two electricity generators, will be clawed back from overseas buyers and UK institutions. This will give the public 49 per cent of the £2.16bn privatisation share sale when allocations are made this weekend.

As processing of public application forms neared completion, receiving banks estimated that the £600m worth of shares originally laid aside for the public had been between 4.5 and 5 times over-subscribed.

Overseas and UK institutional underwriters are now being invited to take part in a tender where shares amounting to 16 per cent of the total offer are being put up for sale to the highest bidders at levels above the 100p partly-paid price. The deadline for submission of bids by underwriters is 4.30pm this afternoon.

Overhaul urged in judiciary

The Law Society has called for an immediate overhaul of the way judges are appointed and the introduction of a less secretive system based on an independent judicial appointments commission.

In a report on judicial appointments, the society identifies a number of defects in the present system. There is no clear specification of the qualities required to be a judge. It says undue weight is given to the views of serving judges as to who would and who would not make a good judge. The system also places undue emphasis on experience as a full-time advocate.

Policy group for food sector

Leading figures from many of the biggest food manufacturing and retailing companies have formed a group to co-ordinate policy on the ethical and environmental issues which face the sector.

The Industry Policy Issues Council will tackle concerns such as healthy eating, food safety, animal welfare, European Commission legislation, the environment, and Third World development. It will act as a focus for research and debate and try to instigate concerted action across the industry.

Mr John Beaumont, chief executive of the Institute of Grocery Distribution, which is to co-ordinate the council, said many companies had attempted to tackle such concerns individually, but the institute believed it was necessary to act collectively to formulate a strategy within which companies could operate.

Directors oppose Scots assembly

Company directors in Scotland believe that a Scottish parliament or assembly, which Labour proposes to introduce if it wins the next general election, would cause uncertainty, hinder the creation of wealth, make it more difficult to retain talent in Scotland and make decision-making slower.

The Institute of Directors carried out detailed consultation of its 1,600 members in Scotland on the blueprint for a Scottish parliament drawn up by the Scottish constitutional convention, which consists largely of Labour and Liberal Democrat politicians.

Drop in new house starts

The number of new homes being built fell by more than 13 per cent in January to 12,300, according to figures published by the Environment Department. Housing starts in February are likely to have been further restricted by bad weather which stopped work on many sites in central and eastern Britain.

Builders are waiting to see whether recent falls in interest rates and the ending of the Gulf War will prompt recovery in the UK housing market which in the south-east has been in recession since August 1988.

Parliamentary speaker retires

Mr Bernard Weatherill, the Speaker of the House of Commons, announced that he would not be standing for parliament at the next election.

The identity of the new Speaker – who is responsible for order in the Commons chamber, running debates and who has a casting vote in the event of a tied motion – now

Weatherill: to stand down

joins the date of the general election as the most popular subject for Westminster speculation.

The party that wins the election will have the first nomination, but the choice must also be acceptable to the opposition.

Fall in Lloyd's syndicates

Three hundred and fifty-four syndicates are writing insurance at the Lloyd's of London insurance market this year, 47 fewer than in 1990, Lloyd's reported.

This is the lowest number of syndicates at Lloyd's in more than 10 years and indicates that the restructuring of the market sought by market leaders is proceeding apace.

At a time when the market's capital base has increased to a record £11.39bn, compared with £11.07bn in 1990, the average size of syndicates is increasing.

Birmingham Six appeal

The credibility of police officers involved in the interrogation of the Birmingham Six could no longer be sustained, the Appeal Court has been told.

Mr Michael Mansfield QC for five of the six alleged IRA bombers who are appealing against their sentences after 16 years in jail, said scientific analysis of interview notes showed they had been altered by police officers. He said two sets of interview notes relating to Mr Richard McIlkenny, which it was claimed were contemporaneous were not.

This meant that the four officers involved, had colluded to suggest the notes were contemporaneous and had lied in court.

The hearing continues.

Employers urge pay freeze

The Confederation of British Industry, the employers' organisation, is advising its member companies to freeze pay, or put back pay settlement dates, to curb costs in the recession. The advice is being given to companies in a spring briefing.

The CBI briefing tries to persuade companies that the spread of settlements is widening and more employers are now breaking the link between pay settlements and the rise in the retail price index. The advice follows attempts by a number of companies to introduce pay freezes or pauses.

Offshore safety

The government has announced that responsibility for offshore safety on oil and gas platforms will probably pass to a new regulatory body by the end of April.

The decision follows recommendations published last year in a highly critical report into the Piper Alpha oil platform disaster in 1988.

FT LAW REPORTS

Ship is insured on damage date

THE KIEL
Queen's Bench Dision
(Commercial Curt):
Mr Justice Hst:
February 28 1991

EXTENSION of cver on a marine insuran policy "until" a specific date, is inclusive of that de.

Mr Justice Hirst s held on a preliminary issue to the construction of an enorsement to a marine insuran policy, in actions by Heinch Hirdes gmbH and Strabg-Bau AG, plaintiff owners f the Kiel, against the defendnt representative underwriter Mr Herbert David Edmunds nd against defendant broers, Peek Puckle (International) Ltd.

HIS LORDSHIP id that the Kiel was insured nder marine insurance polic. She sustained serious daage in a collision on July 16 1982.

The shipowne and brokers asserted that the policy was in effect on that de. The underwriters contened it expired the previous da July 15.

The claim adnst the brokers was for neligence in failing to secure ffective cover, and only aro if the shipowners' case aginst the underwriters failed.

The policy oginally insured the vessel "at nd from June 16 1980 to June 1 1981 both days inclusive".

Renewal f the following year was fo "12 months at June 16 1981".

On May 1 1982 the policy was endorsd "underwriters agree to extnd the insurance for a priod of one month ... unl July 16 1982".

On May 20 the brokers informed he shipowners "underwrits have agreed to extend th insurance for a period of e month ... until July 16 19". On the preliminary issue he question was as to the costruction of "until July 16 19" in those two documents.

Mr Howard for the shipowners and Miss Otton Goulder for the brokers submitted that, in the present context, "until July 16 1982" was inclusive. They said the purpose of specifying that date was to identify the precise date when cover expired, so that the shipowners would know where they stood.

They relied on *Isaacs v Royal Insurance Co (1870) LR 5 Exch 296*. In that case the policy covered loss by fire "from the 14th day of February 1868 until the 14th day of August 1868".

Kelly CB said the question was whether the policy covered a fire which occurred on August 14. He said that what had to be determined was not whether February 14 was excluded, but whether August 14 was included.

In *Scottish Metropolitan Assurance v Stewart (1923) 14 Ll L R 55* a policy described the currency of the risk as from September 20 to noon the following February 20. Mr Justice Rowlatt said: "When you say from one day until another day, and say nothing more, you mention the days which *prima facie* you include".

Mr Schaff for the underwriters submitted that the critical factor in construing the words was to be found in the actual matrix in which they were set, namely the wording of the original policy and its renewal.

He submitted rightly that the original policy clearly expired on June 15 1981. He *then submitted*, more controversially, that the 1981 renewal expired on June 15 the following year, having regard to its being renewal "at June 16, and to an alleged presumption of uninterrupted cover.

So far as the endorsement was concerned, he submitted that the governing words were "for a period of one month", which connoted an expiry date of July 15, ie 30 calendar days from June 16.

Therefore, said Mr Schaff, if the period of one month was the governing factor, the shipowners' submission was unacceptable, since it would amount to an extension of one month and a day. For the cover to be precisely a month, either the last day (July 16) or the first day (June 16) had to be excluded. He said the latter was commercially absurd seeing that neither party would have contemplated a break in cover for that 24-hour period.

In support of his argument Mr Schaff relied on the current edition of *MacGillivray and Parkington on Insurance Law paragraph 885*, which stated that wherever the period of risk could be computed in relation to extension or renewal of cover, "the court will presume an intention on the part of the parties to provide for an uninterrupted cover, and will construe the policy accordingly".

The main authority for that proposition was *Cornfoot [1904] 1 KB 40* where the insurance was "for 30 days in port after arrival". It was held that "30 days" meant 30 consecutive periods of 24 hours starting from moment of arrival at port, so that loss on the 31st day was outside the scope of the policy.

Lord Justice Mathew said: "It clearly was not intended that there should be an interval between the arrival of the ship and the commencement of the 30 days during which the ship should be uninsured".

The key words in the endorsement were "until July 16". The natural and ordinary meaning of those words in the present context was that they *included July 16. That was particularly strongly supported by Isaacs.* It was doubtful whether there was any need in the present case, any more than there was in *Isaacs*, to decide whether June 16 was included or excluded.

However, even assuming Mr Schaff was right that it was a relevant consideration, his argument would have been unacceptable. In the first place, it could not be accepted that in the renewal the words "12 months at June 16 1981" clearly connoted expiry of the renewal on June 15 1982.

On the contrary, those words were ambiguous, and therefore in the context of the endorsement, "month" was ambiguous.

Second, while avoidance of a gap on renewal of the insurance cover was a relevant consideration, it was questionable whether that could properly give rise to a presumed intention as the passage from *MacGillivray* suggested.

No such presumption was required to construe the very clear words in *Cornfoot*, and Lord Justice Mathew's dictum went no further than to recognise that consideration was relevant. Moreover, such a presumption was difficult to reconcile with *Isaacs*, which was a renewal case where a six-month period as well as the terminal date ("until August 14") was specified in the policy.

The construction put forward by the shipowners and the brokers was upheld.

As a subsidiary point Mr Schaff relied on an additional premium calculation submitted by the brokers to the leading underwriter, and scratched by him, which described the extension as being "for one month from June 16 1982 until July 15 July 1982 both dates inclusive".

He submitted that it constituted an admission by the brokers on behalf of the shipowners that the underwriters' construction was correct.

The additional premium constituted nothing more than an *administrative document* passing between the brokers and the underwriters in order to record a revised premium calculation. The subsidiary argument was rejected.

For the shipowners: Mr Mark Howard (Sinclair Roche & Temperley). For the brokers: Miss Catharine Otton-Goulder (Shaw & Croft). For the underwriter: Mr Alistair Schaff (Ince & Co).

Rachel Davies
Barrister

Anglo American Industrial Corporation Limited

AMIC

Abridged Chairman's statement
Results and notice of ordinary dividend for the year ended December 31 1990

Extracts from the statement by the Chairman, Mr W.G. Boustred

Financial Results

After satisfactory earnings growth over the previous five years AMIC experienced a reversal in 1990 when attributable earnings fell by 29% from R636 million to R451 million. Earnings per share decreased from 1,180 cents to 836 cents. However, the directors have decided to maintain the dividend level at 350 cents per share which is covered 2.4 times by earnings.

The Group had experienced a slowdown in economic activity in the second half of 1989 and anticipated that it would be difficult to maintain the 1989 earnings level. In the event, trading conditions in South Africa, and in world markets, continued to deteriorate through 1990. This not only depressed the prices of most commodities which the Group produces but, in certain cases, reduced volume off-take resulting in lower capacity working and plant shut downs.

It is ironic that the substantial reduction of export incentives for primary and semi-fabricated products in March 1990, came about in advance of a period of economic stringency when these incentives are most needed in order to maintain price competitiveness in world markets.

Economic Review

Difficult business conditions in 1990 were undermined by a poor agricultural season and disruptions on the labour front associated with civil unrest, and high interest rates had a severely restrictive effect. At the same time, the US dollar price of gold languished despite increasingly troubled political and economic circumstances internationally and violent fluctuations in crude oil prices.

As a result, real GDP declined by about one per cent in 1990 in contrast with earlier hopes of continued modest growth. Had it not been for a significant improvement in net foreign capital flows associated with enhanced perceptions about South Africa overseas, the economic environment would have been even more severe. Long term benefits should flow from recent austere monetary and fiscal policies and a consequential relatively stable exchange rate, but these policies aggravated conditions during the period under review when cost escalation remained excessive.

In these generally adverse conditions, the most pronounced deteriorations in the manufacturing sector occurred in those industries exposed to weakening export markets, or to those affected by severe cut-backs in domestic expenditure. Inevitably, the latter category included most areas of fixed investment activity, not least in the mining and construction industries, while consumer spending on durable goods declined. Continued expenditure on the Mossgas project and increasingly on the Lesotho Highlands Water Scheme provided some support.

The outlook for the year ahead remains difficult. Events in the Gulf and Eastern Europe have already exacerbated weaknesses in the economies of some of the major industrial nations. While the remarkable liberation of Kuwait holds out the promise of a reversal of the unusual concerns that have accompanied the conflict, and the stimulus of post-war reconstruction, a further slowdown in the world economy appears to be inevitable this year. Consequently, the recovery in export markets is likely to take longer than originally expected.

Against this background, South Africa has not yet made adequate progress in the fight against inflation, and foreign exchange reserves remain too low despite recent encouraging gains. The latest pronouncements from the authorities indicate that sound monetary and fiscal policies will not be abandoned for reasons of expediency. In view of poor export prospects, further impaired by another agricultural failure, continued strict control over domestic demand will remain necessary. While there is a reasonable prospect that conditions will be progressively ameliorated by the lifting of some trade sanctions and more particularly by further progress towards improved access to foreign capital, little or no real economic growth is likely this year.

However, looking ahead, 1991 may see the establishment of a base for a new and possibly vigorous growth phase in this country. Maintained stability in the Middle East, associated with a return to relatively low and stable crude oil prices, would enhance the prospects for an international economic recovery in 1992. At the same time, within South Africa it should be possible to make renewed progress against inflation, further augment foreign exchange reserves and possibly regain access to the International Monetary Fund and increasingly to other private international financial markets. To encourage these developments and take maximum advantage of them, bearing in mind the urgent need to create jobs and alleviate poverty, it is vital that all parties which are likely to be engaged in future negotiations demonstrate to the investment community here and abroad that they recognise the essential conditions for growth and management of a market economy.

Outlook for 1991

AMIC's results are a clear reflection of the state of the local economy and the decreasing returns achieved on export sales. In order to maintain the viability of existing business enterprise it is essential that production costs be contained. In this respect it is vital that both management and the work-force show restraint in the forthcoming wage negotiations.

Bearing in mind the wide diversity of interest groups involved, the transition of South African society will necessarily be a cautious and extended process. However, the reaction of the international community to events in South Africa is encouraging. That these events should be unfolding at a time of world recession is unfortunate in that the revitalisation of the economy and the establishment of the healthy growth rates so essential to a successful transition may be retarded. In these circumstances it is difficult to understand those who recommend the maintenance of sanctions at a time when plant closures and heavy retrenchments are affecting the daily lives of a multitude of South Africans and their dependents.

Attention has been drawn to most uncertainties facing the Group in 1991. A further important factor is the effect of the gold price. At the current price of R30,400 per kilogram a number of South African mines are incurring losses and facing shaft closures. Many AMIC subsidiaries and associates are important suppliers to the gold mining industry and any significant closures and consequent reduction in tonnages mined and milled would have an immediate impact on those operations. In the light of these uncertainties AMIC will do well to maintain earnings at the 1990 level.

Results

The following are the results of the corporation and its subsidiaries for the year ended 31 December 1990:

	1990 R million	1989 R million
Turnover	6 123	5 777
Earnings from operations	571	1 128
Share of earnings of associated companies	222	247
Dividends	106	102
Retained earnings	116	145
Income from investments and interest earned	88	92
	881	1 467
Finance lease charges	1	72
Interest paid	121	55
	122	127
Earnings before taxation	759	1 340
Taxation (Note 1)	152	444
Earnings after taxation	607	896
Outside shareholders' interest in earnings of subsidiaries	156	260
Earnings attributable to ordinary shareholders	451	636
Extraordinary items	(3)	(14)
	448	622
Ordinary dividends	190	189
Interim	59	59
Final	131	130
Retained earnings	258	433
Number of ordinary shares in issue (000)	54 034	53 940
Earnings per ordinary share* – cents	836	1 180
Dividends per ordinary share – cents	350	350
Interim	110	110
Final	240	240

*Based on weighted average number of 54 002 516 ordinary shares in issue for the year.

Notes:
1. The taxation charge includes deferred tax provisions, based on the comprehensive method, of R58 million (1989: R176 million).
2. At 31 December 1990 all foreign currency loans taken up by Amic's subsidiary companies were fully covered by forward exchange contracts.
3. Earnings reported for 1989 have been reduced by R16 million arising from the restatement of unaudited results of an associated company included in 1989 equity accounted earnings.
4. In the period under review, the Group has brought to account extraordinary charges of R3 million (1989: R14 million). These relate to the group's share of extraordinary losses in subsidiaries and associates and the write-off of net premium on acquisition of subsidiary companies.

AMIC's twenty-seventh annual report for the year ended 31 December 1990 will be posted to members on or about 20 March 1991.

Final Dividend NO. 54

On Thursday, 7 March 1991, the directors of the corporation declared final dividend No. 54 on the ordinary shares as follows:

Amount (South African currency)	240 cents per share
Last day to register for dividend (and for changes of address or dividend instructions)	Thursday, 28 March
Registers closed from to (inclusive)	Friday, 29 March Saturday, 13 April
Ex-dividend on The Johannesburg Stock Exchange and on The Stock Exchange - London	Tuesday, 2 April
Currency conversion date for sterling payments to shareholders paid from London	Wednesday, 3 April
Dividend warrants posted	Thursday, 25 April
Payment date of dividend	Friday, 26 April
Rate of non-resident shareholders' tax	15 per cent

The full conditions relating to the dividend may be inspected at the Johannesburg and London offices of the corporation and its transfer secretaries.

By order of the board
Anglo American Corporation of South Africa Limited
Secretaries

per: A V Waterston
Divisional Secretary

Transfer Secretaries
Consolidated Share Registrars Limited
1st Floor - Edura
40 Commissioner Street, Johannesburg 2001
(PO Box 61051 Marshalltown 2107)
South Africa

Barclays Registrars Limited
Bourne House
34 Beckenham Road
Beckenham, Kent BR3 4TU

Registered Office
44 Main Street
Johannesburg 2001
(PO Box 61587,
Marshalltown 2107)
South Africa

London Office
40 Holborn Viaduct
London EC1P 1AJ

8 March 1991

AAC

Straitened times throw up opportunities for unorthodox corporate buyers, **David Owen** reports

Shopping around in the bargain basement

"Roll up! Roll up! Assets, luverly assets. All shapes and sizes. Never to be repeated prices. Roll up! Roll up!"

Such might be the patter were the City's busiest administrators and receivers to adopt the barrow boy's approach to maximising creditors' returns from insolvent businesses. Of course, they mostly prefer to stick to more orthodox channels like the Businesses for sale columns of newspapers like this one. But this cannot disguise the fact that there are some startling bargains around at present for those in a position to buy.

Last year, Casket – the textiles and furnishings group – picked up the venerable British Eagle Cycles (Coventry Eagle brand-name and all) from the receiver for a mere £182,500. This was less than half the amount paid in February for a Gérôme painting of a harem scene that used to adorn the corporate headquarters of Polly Peck, the collapsed fruit-to-electronics group.

The receiver is not every buyer's choice of vendor, however. This is because receivers are generally dealing with problem companies which many purchasers are reluctant to consider buying. Those who are interested are frequently former competitors or management of the business on offer, keen to pick up familiar assets without their millstone of parental debt.

But in the current climate, there are plenty of other potential bargains. For the few in a position to cash in, recession has the virtue of turning much of the corporate landscape into a buyers' market.

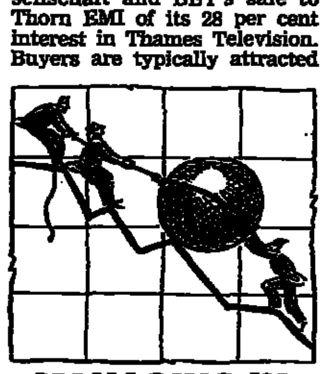
A very recent illustration of this is this week's hostile bid by Coats Viyella, the textile group, for Tootal, the sewing thread and clothing company. The bid is pitched at £194m, less than half the £395m Coats offered in an ultimately unsuccessful agreed bid for the same company in 1989.

Alternative sources of cheap assets might include:

● **Quoted companies which are financially stretched.** The trick here is to locate a company which has a balance-sheet and cashflow that have deteriorated sufficiently to force it to spin off a division to gain breathing-space. If the cash injection is needed urgently enough, the terms secured for that division will be a secondary consideration.

Perhaps the most clearcut recent example of such a transaction was the £160m sale by the industrial materials group Cookson of its 50 per cent stake in Tioxide, the pigments manufacturer, to ICI.

Other examples arguably include Davy Corporation's £51m disposal of its German process operations to Metallgesellschaft and BET's sale to Thorn EMI of its 28 per cent interest in Thames Television. Buyers are typically attracted by strategic considerations such as the opportunity to build market share at an advantageous price; the purchaser was the vendor's partner in two of the three cases cited above.



MANAGING IN RECESSION

● **Privately-owned companies that have fallen on hard times.** The problems thrown up by a recession can be enough to tempt previously independent-minded private owners to cash in their chips while they still can. By their nature, these will tend to be small- to medium-sized deals with the target business often having been pursued in a low-key manner by the buyer for some time.

● **The stock market.** Value for money can also be found in publicly-traded corporations in the current economic environment. This is certainly not because of any automatic tendency for shares to become cheaper in a recession; recent price movements in the US and the UK have suggested rather the contrary. It is simply a function of there being fewer companies with the capacity to finance substantial takeover bids.

With the junk bond market moribund and other financing options increasingly constrained, those with cash and/or a cast-iron borrowing capacity are in the driving seat where takeovers are concerned. Should such a group embark on a bid, it would be much less likely to trigger other competitive offers than it would have done a year or two ago.

The manner in which control of Mount Charlotte Investments, Britain's second-largest hotels group, fell into the lap of New Zealand's Brierley Investments (BIL) in October illustrates just how cheaply assets can change hands via the hostile takeover route. BIL's 73p a share offer, made after it bought a block of Mount Charlotte shares to take its holding to 38 per cent, represented a 40 per cent discount to net asset value, according to the hotel group's calculations.

So many UK companies geared up as an earnings-efficient means of taking part in the unprecedented 1987-89 takeover boom that those with capacity to buy today are rather few and far between. Three which do have that capacity are identified below, however, along with an indication of what sort of assets they might be shopping for.

● **Hanson.** Hanson is seen as perhaps the best-placed of the big conglomerates to make a really significant buy before the economic climate improves, although both BTR and Lonrho have joined it in serving notice that they see the recession as a source of opportunity. In December, Martin Taylor, vice-chairman, said that in addition to net cash of £559m, Hanson had the ability to borrow £16.5bn.

The group's traditional approach is to identify industrial companies where it feels it can add value for carefully researched reasons. Its aversion to strategic acquisitions, executed for the sake of market share, makes it difficult to predict what sectors it may strike in. It tends not to be interested in distressed companies but rather those doing less well than they should be. Prevailing economic conditions make no significant difference to the way in which potential targets are sized up.

One school of thought argues that the relentless scrutiny to which UK and US companies have been subjected from predators on the look-out for hidden assets and bad management for the best part of a decade makes it increasingly hard for the likes of Hanson to locate suitable targets. As BTR found last year when it tilted at Norton, US corporations in particular have also become more skilled at warding off predators with litigation.

"It is difficult to see where predators will find candidates," says Paul Walton, an analyst with James Capel. "In the case of Hanson, I am sure they will find industrial companies to take over but they won't necessarily be big and they won't be easy to find."

In response, Hanson can point to last year's deals: the £653m purchase of Peabody, the US coal business, and the asset swap with Sir James Goldsmith in which it exchanged 49 per cent of Newmont Mining Corporation, North America's largest gold producer, for 99.5 per cent of Cavenham Forest Industries, the sixth-largest owner of US timberlands.

What wheeler-dealers cannot count on is being able to sell on unwanted assets held by their takeover targets. This does not worry Hanson. "We always assume that you may not be able to sell anything after the event," Taylor says.

● **Williams Holdings.** Williams, another industrial conglomerate, is one of the few companies to pull off a big deal this year: the £330m all-share acquisition of Yale and Valor, the locks and domestic appliance group. What gave Williams a window of opportunity, according to Nigel Rudd, the chairman, was "the relationship between our share price and theirs. Yale and Valor management did not signify to the market that their results were going to be as bad as they were," he says. "Their share price then collapsed because of a collapse in confidence in the management."

Where Rudd believes that recession can itself create opportunities for Williams is in helping it to mop up smaller rivals in the sectors in which it operates. The conglomerate's strategy is to make its businesses the lowest-cost producers in their field, before buying up its smaller competitors, closing their facilities and folding their output into its own.

Says Rudd: "We have a West Midlands operation doing 60 per cent capacity but still making money. We are number one in the market; we are negotiating with number four who is virtually bust. That's where opportunities come in recession; last year he didn't have to sell to us, but if he doesn't now he might be left with nothing."

● **Excalibur Group.** Excalibur, a small jewellery manufacturer, music merchandiser and engineer, was so keen to be able to take advantage of the buyer's market in assets that in November it raised £8.5m through a rights issue to fund acquisitions.

"The issue restored the board's ability to continue its acquisition strategy," says Richard Griffiths, group managing director. "We had pursued it before by gearing up – but our options were being closed off … The ratings of smaller companies are at a discount to the stock market in general, which means that opportunities to make acquisitions by issuing paper have all but disappeared."

According to Griffiths, the group has already spent some of the rights issue proceeds on three companies – "essentially discounted assets where there is no downside for Excalibur," he says. The company is sticking to its knitting in the sense of eyeing targets only in sectors where it already operates. "We had to pursue a coherent strategic approach to enlarging our group in order to attract institutional investment," Griffiths explains.

He believes that buyers do need to be more careful in sizing up their targets in a recession than when the economy is buoyant, not least because "book values are likely to be overstated. If you want to sell a machine-tool in this market you might as well dismantle it and sell it in pieces because the second-hand market [for machine tools] has gone through the floor," he says. "You cannot count on asset disposals to return part of the purchase price."

Previous articles in this series appeared on November 21, 30, December 4, 14, 18, 31, January 11, 14 and 23.

Confused? – they certainly are

Ian Hamilton Fazey on common delusions

Many British manufacturers are running their factories in ignorance and confusion because they are not using their accounting systems properly.

Some of them measure the wrong things to gauge efficiency. Others try to assess performance through conflicting criteria, while many look to new accountancy techniques as panaceas – but then try to superimpose them on already unsound systems.

This is the view put forward by Bob Sweeting of the School of Management at the University of Manchester Institute of Science and Technology (Umist) and Roy Davies of the accountants Price Waterhouse, following a detailed survey of how managers in 700 manufacturing companies account for costs.

According to Sweeting: "The main problem is that people in charge of functions such as manufacturing, finance and marketing don't really talk to each other about what they want and what they can and can't do for each other. They certainly don't talk about objectives and how they can work towards the same ones."

Companies in the survey had levels of turnover ranging up to more than £1bn a year. Nearly 8 per cent had more than 250 employees.

An example of what Sweeting and Davies mean comes from looking at how companies try to measure the cost of materials used in production. Half in the survey use self-contained systems within individual departments which do not necessarily relate to what other departments are doing.

Such lack of integration could lead to there being more stock of raw materials appearing in the books than in the store because the shop-floor has used up stock that the accounts department has not yet heard about.

But then a prudent accountant, to avoid having to adjust the books at year-end, might provide for any potential shortfall by overestimating stock usage. This may make the purchase manager think that stocks are lower than they are, forcing him to buy more before they are needed in order to cover himself.

In turn, more working capital would be tied up in the stores than is necessary and this would then knock on into the business's financial management, where the financial director would not be able to optimise cash flow and cash requirements.

Such a scenario is not fanciful – the Umist study shows that 23 per cent of companies reported "significant" adjustments to the financial value of stock whenever they did a physical stocktake.

When costing what people actually do when making things, 35 per cent of companies did so on an operation-by-operation basis, adding up the figures at the end. However, only 11 per cent have any means of reporting the effect on costs of filling a better route through the manufacturing process.

Sweeting and Davies say that this means that after different manufacturing practices and techniques have been introduced, many cost systems no longer report reality because they assume that people are still doing things that have been abandoned.

For many companies, materials costs are higher than overheads but the accounting emphasis is the wrong way round. Greater attention to materials costs is needed but about half of companies have no means of identifying variations in purchase price, usage, scrap value or yield individual materials. Instead, the variations are aggregated, making analysis impossible and resulting in poor cost planning and control.

Conflict arises because many use stock turnover as one measure of performance and labour efficiency as another. Confusion arises as the managers of one part of the business try to keep stocks low while others try to keep labour fully occupied, for which they need a comfortable buffer of stock.

According to the study, many companies look to new techniques such as activity-based costing, target costing, throughput accounting and life-cycle costing to rescue them. But Sweeting and Davies say such things are of no avail if the basic systems are cock-eyed anyway.

Lynton McLain looks at the benefits of relocating computer systems and how to avoid losing access to data in the process

Plans which contain all the right moves

Moving a computer operation is not as simple as moving house. The big objects – hardware – are more cumbersome than the most awkward sofa; the tiny pieces – the software – as delicate as antique porcelain. If not handled properly, the advantages of moving – cheaper accommodation or centralised operations – will quickly disappear.

The National Computing Centre in Manchester says the greatest risk of moving a computer system is losing access to information, or even destroying the material entirely. For many businesses this possibility could result in financial disaster.

Some companies cannot afford to lose access to their data for even short amounts of time. "Very few companies would countenance a complete shutdown. They aim to maintain the business," says Simon Perkins, senior consultant for office systems at the NCC.

An adequate back-up system is the first requirement for any company considering a move. Back-up not only ensures continuity during a move but may be needed in the event of catastrophe, such as a power failure at the new building which destroys important software programs.

Companies considering a move have two main options. They can stop computer operations over a weekend in the old building and re-start on Monday in the new one. In this case the wiring and connections for the systems must already be in place before the computers are installed.

Alternatively, it is possible to maintain operations continually, as Britain's Independent Television News did last December when it moved to purpose-built studios in London's Grays Inn Road. The move enabled ITN to introduce automated electronic broadcasting technology, which could not be fitted in the company's old, cramped studios.

Michael Morris, personnel director of ITN, says the strategy "was based on the army notion of 'tactical bound operations', where one army division is entrenched before an attempt is made to move a second division".

Channel 4 News, part of the ITN group and a co-habitant of the old building, moved one week before ITN. "We hired a Dec Vax mainframe computer for temporary installation in the new building to equip the Channel 4 newsroom," Morris said. "Then we set up a high capacity data link between the old and new buildings, so the in-going and out-going computer systems could operate in parallel for the duration of the move."

With this installed, one computer was shut down and moved to the new studio while the remaining mainframe continued to operate in the old building. More than 100 desk-top computers were also moved after data had been duplicated.

The move was so complicated and the deadlines so tight, determined by the erection of the building, that all computer installers invited to tender as prime contractor refused to do so.

"Ideally we wanted a turn-key project, where a single project manager would be in control of everything. But with no single contractor to do the installations, ITN had to become its own project manager," Morris said.

Cost savings is another reason for moving a computer system. London's International Stock Exchange is examining the feasibility and potential savings of moving its computer operations out of the City. The introduction of the Taurus electronic stock settlement system by the exchange next year and the accompanying "dematerialisation" – elimination of paper settlements – makes a move from the City possible.

Another company that expects to make substantial savings by relocating its computer operations is BT Mobile, a division of British Telecom.

The company moved its computer systems from London to a new hub for computer operations in Leeds last weekend. It expects to benefit from savings of between 20 per cent and 25 per cent in computer running costs.

Peter Rachor, general manager of paging at BT Mobile, said his business was "information intensive, based on 450,000 radio pager customers, so we did not want to upset the customers during a move".

The need to avoid disruption led to the company's first audit of computer use. "Immediately we decided to move, we looked at our computer system and the building," Rachor says. The company analysed the 400 computer terminals and the data they were processing.

"We audited the use of the computers, including which staff were using them and what they for using them for. We made sure these people would still have these facilities, but no more and no less than they needed," he says. BT Mobile is so impressed by its "computer audit" that it intends to repeat it once a year.

The savings identified by the audit included the elimination of individual files, which had been created locally by members of staff for their work. These often duplicated files held centrally on the system.

The audit found that the company had been holding identical data on two separate computer systems. The database for customer information, for example, included the number, type and age of radio pagers. This information was held on BT Mobile's IBM system. The company's inventory data held similar information on a Hewlett-Packard computer. The move to Leeds gave the company the opportunity to eliminate duplication.

Ideally, no company should move a computer-based operation without considering the costs and benefits of a move. London stockbrokers SGST Securities, for example, wanted to move all three of its City branches to the new Broadgate development in London. PA Consulting studied the feasibility of the move and concluded that it made no financial sense. In the end only the merchant banking and trading arms were moved.

Computer-aided design (Cad) systems can help companies make the best use of office space when planning a move.

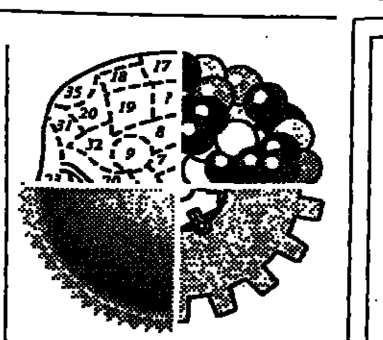
Citibank, for example, has used a system from the German company Isicad to help plan the moves of its staff between six offices in London. Alan Cree, the bank's Cad manager, says that "Citibank's 2,500-3,000 employees move, on average, every 16 to 18 months". Each move costs about £1,000.

"The Cad system operates like an electronic drawing board. You can zoom around the floorplans and move furniture on the screen," says Cree. Architectural plans are put into the system by making digital records of drawings.

Computer-aided design speeds up planning, as demonstrated when the bank studied a move to Stockley Park, near Heathrow airport. "We surveyed the space one morning and produced three different proposals for potential use the following lunchtime, compared with the two weeks a consultant would take," Cree says.

The latest move involved a department of 250 staff. It reduced space requirements by 13.5 per cent and saved £340,000.

Michael Morris: 'ITN had to become its own project manager'



WORTH WATCHING

by Della Bradshaw

Phone with a bilingual tone

BELL CANADA has introduced a bilingual computerised system that "recognises" speech and replaces human operators for reverse charge and third-party long-distance calls, writes Robert Gibbens.

Customers will speak to the long-distance billing computer, which will "understand" variants of yes and no in English and French. If the system does not "recognise" a request an operator intervenes.

The company expects to make significant cost savings with the initial commercial system, which attaches to telephone exchanges and works with touchtone phones.

It automates reverse charge, calling card and billed-to-third party calls but such computers will gradually provide subscribers with access to many other services on demand, including teleconferencing.

Bell, through its associated Bell Northern Research in Ottawa and Montreal, has been working on speech recognition technology for more than a decade. A field test was carried out successfully in Michigan 18 months ago.

Open wide for interferon

PROTEIN-based drugs such as insulin and interferon have to be injected – if they are swallowed they are digested in the stomach in the same way as other proteins. Now a UK company has developed a drug delivery system which could mean that one of these treatments – interferon – is taken orally.

In tests with the Swiss pharmaceutical company Roche, at the Macromolecular Clinical Research Centre in South Korea, Cortecs, of Isleworth, demonstrated that the specially treated interferon could pass through the gut wall into the bloodstream without being digested.

To achieve this the company wrapped the interferon in a lipid (fat) envelope. As fat passes relatively unchanged through the stomach the drug was protected so that it could carry out its medicinal function. After the drug was administered orally, the healthy volunteers suffered mild flu-like symptoms – one of the side-effects of interferon.

Landing on the computer dock

DOCKING-BAYS smack more of science fiction films than of personal computers, but Triumph-Adler, of Nuremberg, has developed a range of laptop and notebook computers which can plug into a docking station on the desk in order to connect them into the company's computer network.

Sold in Europe by Triumph Adler, as the Walkstation, and by Olivetti Office, there are three notebook and two laptop machines in the range. They all plug into a standard docking port – future machines will be able to use the same docking station.

Because the portable machine is slid into the docking station, to convert it from a portable to a desktop machine, the keyboard remains at desk height.

Luggage on a long leash

A COMPUTER system for ensuring airline passengers and their baggage always board the same aeroplane has been developed by the British Technology Group and Brais, (baggage reconciliation and location system) a company funded by BTG and Syntech Information Technology, writes Lynton McLain.

The system can isolate the baggage of passengers who fail to board a flight, in case the unaccompanied bag contains a bomb. It can also help to eliminate mis-routed luggage.

Baggage checked in by a passenger is given a unique number in barcode form and numerals. This is recorded in the Brais computer and linked by a seat number to the passenger. From that moment each piece of baggage and its owner can be identified as they move towards the aircraft.

The computer checks the baggage and passengers on each flight and produces a screen display or printed report showing that for every bag loaded there is a matching passenger. The system enables baggage to be located quickly where a passenger transfers from one flight to another.

Mainframe wins the speed race

JAPANESE computer maker NEC has begun sales of its Acos System 3800, which it claims is the world's fastest mainframe computer. The eight models in the 3800 family will also be sold by Toshiba Information Systems and, under the Bull name, in France and the US.

The machines, launched last July, have between one and eight processors. The top of the range model – the Acos System 3800/80 – is more than four times as fast as NEC's most powerful existing mainframe.

The cost of renting the machines in Japan ranges from Y63m (£245,000) to Y384m.

Oar shall we go rowing?

TO SPEED up world-class oarsmen and women, as well as those who can only manage to skull across the local boating pond, researchers in the UK have redesigned the traditional rowing oar.

Developed by Reredos, of Redditch, in conjunction with Bristol University, the new rowing aid will be made from carbon and glass fibre with added Kevlar, the Du Pont material. The researchers have come up with a design in which the blade is set at an angle to the loom (handle) – in a traditional oar or skull the two are in line. Nor is the new blade symmetrical in profile, but designed to give less resistance when it enters the water and less drag as it leaves.

Contacts: Bell Canada: Canada, 416 599 3011. Cortecs: UK, 081 568 7071. Triumph Adler: Germany, 911 322. Brais: UK, 0442 226561. NEC: Japan, 03 454 1111. Reredos: UK, 0527 65550.

Germany still tops the hit lists of investors

By Vanessa Houlder

CAN the German real estate industry buck a worldwide downward trend? While property markets generally have been brought to their knees, Germany's prospers. "Interest in German real estate from both domestic and international sources has never been stronger," says Mr Chris Bull-Diamond of Weatherall Green & Smith, a UK firm of chartered surveyors.

Nonetheless, the market's resilience will be put to the test this year. Tax rises, relatively high interest rates and the mounting costs of reunification are instilling a note of caution. Rents could eventually come under strain in some areas as buildings now under construction reach the market.

Economic growth, low interest rates and a shortage of supply have fuelled vigorous rent increases. Frankfurt's have more than doubled since 1985 while west Berlin's have risen even more since 1989.

The investment market has also thrived. Property investment funds run by German banks have been aggressive buyers, building up some DM 15bn (£5.2bn) of assets, although high interest rates have slowed the flow of money into funds.

Foreign money has poured into German property, particularly after reunification in 1990. "Germany is number one on nearly every international investor's hit list," says Mr Bull-Diamond of Weatheralls. Swedish investors committed some DM 5bn last year. The Japanese have also been prominent with Nomura buying a stake last December in the Messeturm in Frankfurt, Europe's tallest building, for an estimated DM 500m.

All this does not guarantee long-term success. As is only too evident elsewhere, long periods of rental and capital growth often end with sharp setbacks. And Germany is not immune to downturns. After rapid growth in the late 1960s and early 1970s, there was a severe recession in virtually all its real estate markets in 1973.

However, several aspects of the German property market inspire confidence, even if the eventual benefits of reunification are set aside.

There is little tradition of speculative development. Companies tend to build their own headquarters, encouraged by low borrowing costs and the absence of a strong institutional appetite for property.

Banks have traditionally taken a more conservative view than their foreign counterparts, rarely lending more than two-thirds of the value of an investment property.

Another constraint on over-building comes from tough planning rules. Zoning laws prohibit most out-of-town shopping centres, hypermarkets and retail warehouses. Vacancy rates in town centres are likely to remain tight, although expansion of the peripheries could cause difficulties over the next few years.

German valuation techniques, which depend on replacement cost and depreciation, are normally less demanding for good property than in the UK, where allowances are made for reversionary income, or expected rent increases.

As the market becomes more international, some of these idiosyncrasies are being eroded. Valuation techniques are changing, with internal rate of return calculations growing in importance.

The banks, spurred on by the example of US interlopers such as Citibank which financed the Messeturm being built in Frankfurt by Tishman Speyer, a US developer, are embracing limited recourse loans and equity participation. "German banks are starting to be very aggressive on real estate," says Mr Bull-Diamond.

More speculative buildings are going up than in the past. Foreign developers, seeking refuge from their own battered markets, would like to follow suit. British developers, bruised by their excursions in the early 1970s, have been relatively successful in the 1980s. Examples include Hammerson, Slough Estates, P&O, Brixton Estates and MEPC.

Competition from German developers is tough but, with a few exceptions, confined to relatively small companies. Tax laws, the hitherto lacklustre property market and the extensive bankruptcies in the 1975 property collapse have limited the number of large property companies.

"The fact that there are relatively few big German investors and developers has meant that there have been good opportunities in the German cities for foreign companies, particularly those prepared to invest in larger properties or to carry out direct development," says Zadelhoff Deutschland, a property adviser.

Entering the German property industry is complicated by the diverse nature of its markets. Germany's division after the Second World War prevented any city dominating the country.

Frankfurt, Germany's chief financial centre, has been one of the most popular markets for foreign and domestic investors. Over the past few years, there have been several large deals, culminating in a flurry of activity late last year.

A shortage of supply and strong demand from the banking and financial sectors have resulted in sharp rent rises. To judge by the forest of cranes in Frankfurt, the supply problem is being addressed, although mainly for owner-occupiers.

Mr Robert Orr of Jones Lang Wootton predicts a two-tier market, as companies move into new offices and second-hand space comes on the market. "The Frankfurt market will become less landlord-friendly," he says. He thinks it unlikely that rents will drop.

Much of the property industry's attention is being focused on Berlin. Even in the west of the city, little money had been invested in the past 15 years and few offices meet modern standards. "At the beginning of 1990, Berlin was not an international office market," says Mr Robert Rothenburg of Jones Lang Wootton.

Space is so short that tenants have to take what they can get. They will also pay heavily for the privilege: monthly rents per square metre rose from DM 25 at the end of 1989 to DM 70 today, with rents in the eastern part of the city as high as DM 80.

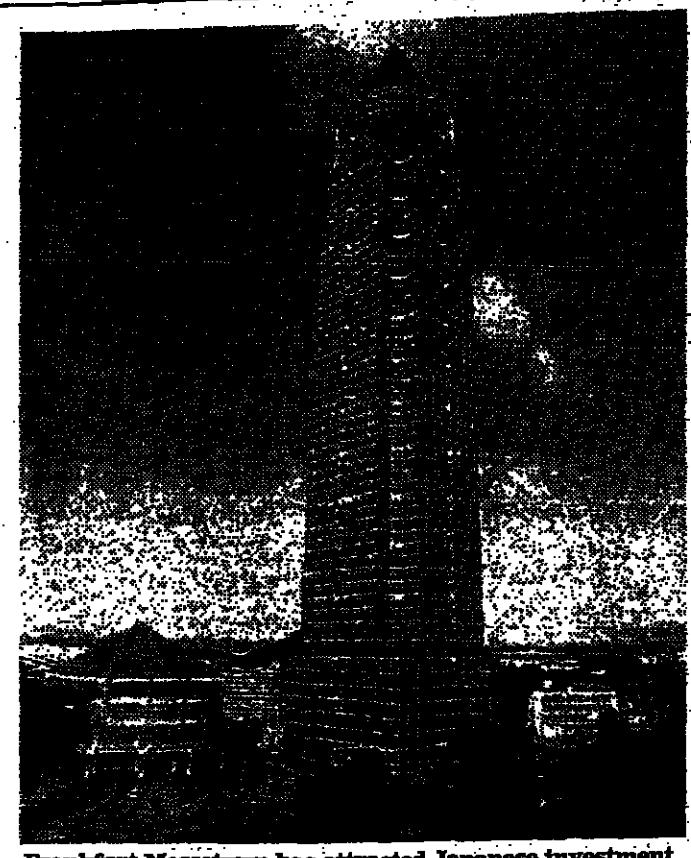
It is unclear whether these rents - and the fevered investment market that has accompanied them - are sustainable. As money is ploughed into the city, the supply pressures will start to ease. How far will depend on the advances made on the legal, infrastructure and planning questions still holding back development.

Those who fight shy of Berlin may be attracted to Hamburg. It is high on investors' shopping lists as a port city catering for the trade of what was once East Germany.

In Munich, the next largest city, investment prices may have peaked, according to Weatheralls. Scarcity of property has led developments, owner-occupiers and investors to compete for sites, where purchasers have increasingly paid too little regard to infrastructure and location, says Zadelhoff Deutschland.

Düsseldorf has recently been favoured by French and Swedish investors, although the copious amounts of decentralised office accommodation expected on the market in the next two or three years could dampen rental growth.

To many overseas investors, scarred by the uncertainties in London, Tokyo and New York, even the pessimistic arguments about German property must sound encouraging. The German property market may have already had its best days, but it is still more robust than most of its rivals.



Frankfurt Messeturm has attracted Japanese investment

RENTAL GROWTH (%)

	Retail	Office	Industrial	All Properties
Year to Jan 91	4.3	2.3	8.7	4.1
Quarter to Jan 91	0.8	-1.0	1.1	0.1
Month of Jan 91	0.3	-0.9	0.4	-0.1

Source: Investment Property Databank

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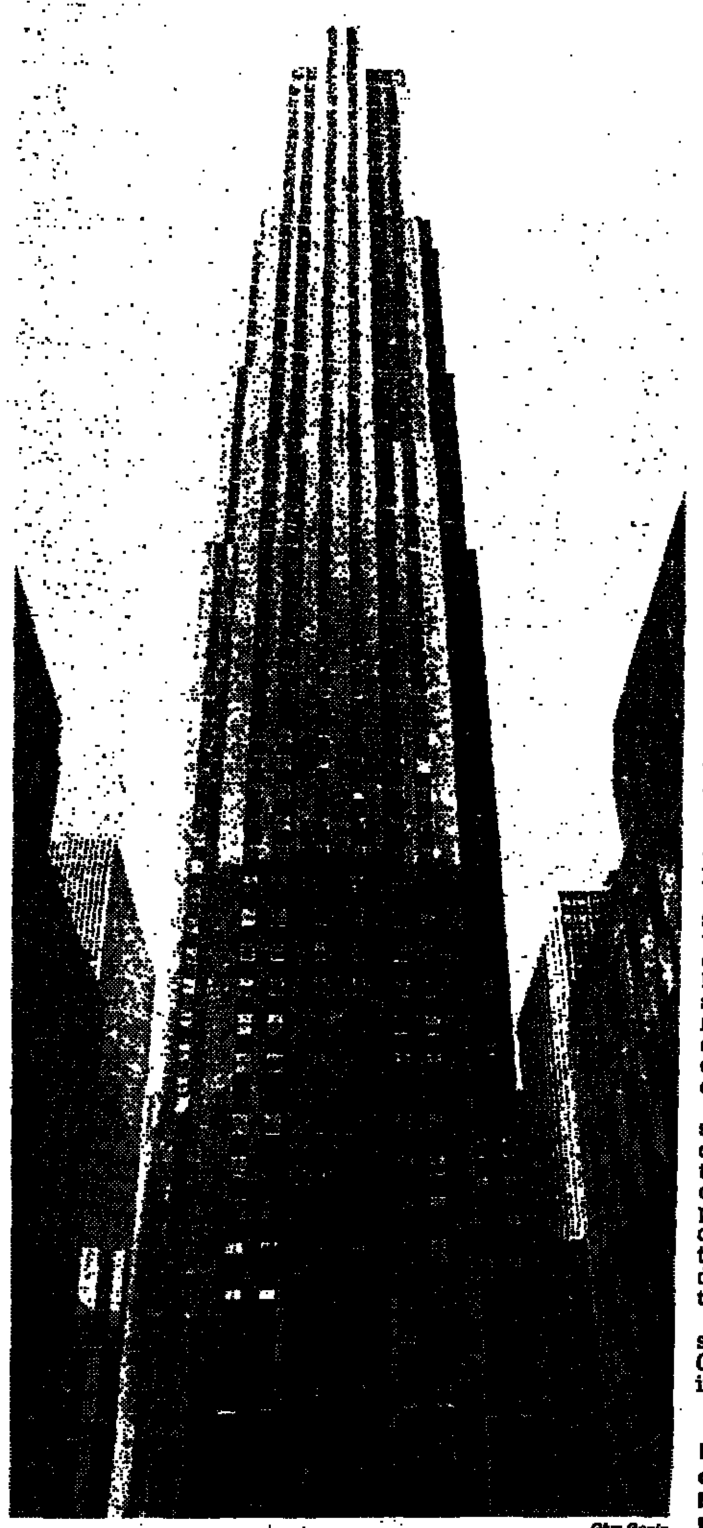
Friday March 8 1991



Glyn Genin

Mitsubishi Estates' acquisition of the Rockefeller Centre became a symbol of international property investment

It has been a worrying start to the decade. With the exception of pockets of the Continent, international property markets have been hit by a squeeze on credit, excess supply and recession in certain parts of the world. **Vanessa Houlder** investigates

Market faces uncertainty

NEW YORK, London, Tokyo, Paris . . . the gloss is being knocked off the property industry all around the world. The recession that has rolled around the US and the UK is threatening cities in Asia Pacific and parts of Europe.

It has been a disconcerting start to the 1990s, which is widely expected to be a decade of global investment. Capital has moved increasingly fluidly across borders seeking high returns and strength from diversification in markets that ebb and flow in different cycles.

These goals are looking strained in the face of synchronised downturns around the world. With the exception of pockets of the Continent, property markets have been overwhelmed by large, international trends which have dampened out more local patterns.

Pressure was building up in some markets even before the Gulf crisis and the slowdown in the world's economy took its toll. In several cases, this was underpinned by the liquidity in the banking system and the ease with which it flowed around the increasingly open, international markets. The availability of funds coincided with a rise in demand for modern office buildings thanks to new technology and economic expansion. This encouraged an escalation in prices and a surge in new development, often leading to oversupply.

At the same time, the erosion of exchange controls sent a wave of investment funds across the world. These have targetted the same cities as the banks, bidding up property prices and encouraging more development.

The downturn has seen a partial unravelling of these themes. The end of the credit spree has blown the speculative froth off the top of the investment market at the same time as it slowed down the economy and fuelled vacancy rates.

At the same time, a blip in international investment has exacerbated the markets' slump in the US and UK. Highly-geared entrepreneurial investors have been hit by losses and rising costs of funds. Some prominent institutional investors are also taking a more cautious approach as a result of preoccupations at home and disillusionment with the experience of investing overseas.

So far, it is the US that has been worst affected by the credit bubble. Between 1984 and 1989, the banks, having lost their best corporate customers to the capital markets, channelled 60 per cent of the growth in bank loans into real estate. In addition the deregulated Savings and Loans institutions invested in property with reckless zeal.

This resulted in a bonanza of new building, which greatly exceeded all foreseeable demand. One estimate suggests that surplus office space in the US can be valued at \$160bn – enough to accommodate all the workers of New York, Chicago, Los Angeles and San Francisco put together.

The excess supply has caught up with the industry in the form of empty buildings and crumbling rental values. At the same time, the mounting losses on those loans have crippled the banks' ability to extend new credit so removing a plank of the investment market. The result is that developers are going bankrupt and prices are plummeting in the worst hit states.

The UK has been rocked by a smaller-scale rendering of the same theme. Bank lending to property companies has rocketed from £6.6bn in 1985 to £39bn.

It is hardly surprising that the UK has mirrored international trends. Forty per cent of the property loans and a raft of new lending techniques, such as limited recourse finance, came from overseas. The international theme was reinforced by developers from Japan, Scandinavia and North America which embarked on large projects.

The influx of money found its way into higher prices and new buildings largely aimed at replacing London's obsolete office stock. However, the volume of new development combined with the recession has resulted in rising vacancies and falling values, which dropped by about a fifth in the City of London last year.

The Australian market reveals many similarities with that of the UK. A construction bonanza has coincided with a period of high interest rates and an economic recession. Vacancy rates in Australia's business districts range between 15 per cent and 35 per cent and investment demand has evaporated.

Japan, the source of so much of the money that has inflated the world's property markets, suffered its own speculative rise.

The potent combination of easy money, the land shortage, the tax system and the ingrained belief that property only goes up in value resulted in the doubling of land prices between 1984 and 1990.

The myth that land values only rise is under intense strain. The Bank of Japan has suggested it would like to see a fall of 20 to 30 per cent in land values. The rise in interest rates, the near halving of share prices last year and pressure on the banks to limit real estate lending have taken a toll, particularly in Osaka, the second largest city. However, the slump has yet to become the crash that foreigners have often thought inevitable.

Continental Europe has been a glowing exception to the world's property woes. Office rents have continued to increase, giving Europe 12 of the 17 most expensive office markets in the world, according to Richard Ellis, chartered surveyors.

The reasons lie with strong economic growth and the planned demolition of tariff barriers in 1992, together with a moderate level of new building construction. Broadly speaking, this stems from robust planning controls and a relatively closed banking system which reduced the backwash of surplus international liquidity.

Nonetheless, Paris, Europe's second biggest property market, has shown symptoms of the malaise affecting the world's largest markets. According to Salomon Brothers, the US brokers, it has 15m sq ft of office space under construction and an equal amount scheduled to start soon. These buildings have been financed by banks, which have increased their loans to property developers from FFr18bn in 1986 to FFr73bn three years later. Ominously, institutional demand is running at half the level of bank credits.

The best times may also have been experienced in Spain. Over the past four years in Madrid, strong economic growth and a shortage of supply have fuelled rent increases at an rate that is probably unsustainable.

Barcelona has also experienced high growth but with easier planning consent, it may be facing a potential oversupply situation in the next three or four years.

Germany stands out as the strongest of the world's main property markets, supported by its robust economy and the expected long-term benefits of reunification. Rents have risen faster than any European city bar Madrid and overseas buyers have been queuing up to make investments.

However, the rise in German interest rates has slowed the influx of money into property funds and some observers are cautious about the impact of new developments on rents.

Concern is largely focused on Berlin, where the market may be overheating. It has attracted enormous interest from developers but this has been stymied by legal and infrastructure problems. Similar problems are dogging other former members of the eastern bloc.

As far as most international investors are concerned, few of the world's property markets are at an attractive stage of their cycles.

Only those with resilience, local knowledge and countercylical credos are seeking opportunities.

However, institutional liquidity and the increasingly global nature of financial markets point to a resurgence of cross-border activity before too long.

***Christine Moir** looks for the global investors*

Changes in investment attitudes stall activity

IT TAKES a degree of faith at present to believe the accepted wisdom among property professionals that cross-border real estate investment is on a steadily increasing trend.

Foreign investment in the UK property market in 1990 was £2.96bn, slightly down from 1989; well publicised problems within the Japanese and Swedish investment sectors are lessening the activities of the most active global investors of recent years; the US market and its institutions continue to stay off the global map; and few leading economies are at particularly attractive points in their cycles.

Professionals warn against the danger of localised snapshots. They describe the downturn as a temporary blip and lean on the steady demolition of national barriers in Europe plus the walls of money continuing to build in both the US and Japan, to support their view.

Few, however, expect any immediate resumption of the high levels of cross-border activity seen in the past two or three years.

Blip though it might be, the deceleration in global activity reflects a certain shift in investment attitudes. Professional investors no longer simply divide their portfolios between asset classes on a well nigh permanent basis; each type of asset must be justified by its projected return.

A fund manager needing to diversify risk is more likely to do so through liquid international equity markets than through foreign property purchases. The latter will be made where they offer better returns than the home market for the same level of risk.

That approach to investment has put a brake on the international property acquisitions of most UK investors. Yields in the domestic market are at historic highs and well above those available in other leading property markets while risks – at least to local eyes – seem to be adequately discounted.

The US perspective is somewhat different. Large problems in the US real estate markets, coming hard on the heels of the more general casualties among the Savings and Loans operations, are hitting the US institutions. This absorbs their energies and saps their appetite for property on a global scale.

In the UK that general disillusionment has been reinforced by the unhappy experience of JMB Realty, a highly respected US investor whose acquisition of the private British developer, Randsworth Trust, was badly mistimed.

A few of the more adventurous US investors with established international operations are still making selective property investments abroad. Citicorp, for example, is putting equity into a very large development scheme in the Hamburg docks, and Prudential of America is said still to be interested in the Broadgate scheme in the City of London. But their interest is less warm than it was.

It is no coincidence that the \$2bn Global Real Estate Investment Programme, set up 12 months ago by Prudential of America and managed by Britain's Jones Lang Wootton partnership, has so far failed to make any investments on behalf of its eight members. They are all serious internationalists. Apart from the Pru they include the Government of Singapore's investment arm, AMP insurance company of Australia, Nationale Nederlanden and the Swedish public sector pension fund, SPP. But for the present, cash and bond markets worldwide are showing a clean pair of heels to property.

In the main, European investors seem content to remain on their own continent

There are exceptions. Top of everyone's popularity charts is Berlin. Unsurprisingly, every international property portfolio builder would like a trophy building in what is likely to become, once more, the capital of a united Germany. In addition to the Germans, Swedish, Dutch, French, and some British and US institutions are fighting it out in the German market.

As barriers continue to come down it is expected to become a hunting ground for the Japanese still blowing on the fingers burnt in the US and with most of their UK trophies already acquired.

Of all the main markets the US has fallen most out of favour with foreign investors. British pension funds (and some developers) maintain a presence there, but the Japanese continue to want to lighten their US portfolios and the handful of European investors (mainly Dutch and Swedish) are only bargain hunting.

In the main, European investors seem content to remain on their own continent where cross-border investment is still relatively novel. Norwegian restrictions are only just being lifted while even the Swedes were unable freely to invest abroad before 1989.

They are being joined by some Japanese trading houses which are less hobbled than their financial counterparts by the hangover from the collapse of the Tokyo stock market and the credit squeeze at home. Their priorities after Berlin seem to be Frankfurt (where Germany's tallest tower, the Messerturm, has just become 50 per cent Japanese-owned), Paris, London (still) and Madrid.

Europe also seems the most likely beneficiary of Hong Kong Chinese money still leaving the colony ahead of 1997. Those individuals have turned against the US and even Canada as the obvious havens for the capitalist savings, and for political reasons alone would be unlikely to favour the UK.

Some Europeans continue to do so, however. Debenham Tewson & Chinnock, the surveyors whose annual survey shows French investments in the UK in 1990 to have been a trifling £66m, report a marked upsurge in French interest since the New Year. Not only are there French partners in the redevelopment of the National Farmers Union headquarters on Knightsbridge, the 64,000 sq ft Birchin Court development in the EC3 district of the City, has also just been sold to French interests for £41m.

Potential property investors from further afield, however, seem content to sit on their hands for the present. The large sums commanded by Middle Eastern states and individuals could swamp any of the leading property markets, but the oil sheikhs have hitherto made only judicious purchases and for the present seem content with their traditional havens – bank deposit accounts.

In today's markets that looks a sound tactic and in any case, the Arabs may have other matters to pre-occupy them at present.

■ EASTERN EUROPE: potential for new markets but . . .

Hurdles still to be cleared

THE opening up of the eastern bloc has provided potential new markets with governments anxious to attract western investment to help finance the growth of their hard-pressed economies. But while some western businesses have been quick to establish a presence, particularly the large firms of accountants and consultants, there are considerable hurdles to be cleared for the property industry.

The eastern European countries are at various stages in the privatising of land and establishing title is not easy. There are cases where title is clear, but mostly it is far from it. Furthermore, squabbles over claims to land from previous owners look likely to drag on for years.

Property law, where it exists, *is constantly changing and the* concept of freehold title is all but unknown. In addition, the vast majority of the existing building stock is in very poor condition, having been allowed to deteriorate under communism.

The prospect of refurbish*ment to modern western stan*dards is daunting. There are acute shortages of office accommodation in all large cities and many western organisations have no choice but to operate from houses, flats and hotel rooms.

There are very few identifiable trends in what are fledgling property markets largely operating in an ad hoc manner.

Hungary, where progress towards *a market economy* began some 10 years ago and has accelerated considerably over the last two years, now has the closest to an emerging office market. That said, there is still an acute shortage of space.

Only one modern building – the 2,000 sq metre East-West Business Centre is under construction in central Budapest. And all of the space is either let or at an advanced stage of negotiation, according to Mr John Feltham of letting agent Jones Lang Wootton.

All lettings are to foreign organisations and rents at about DM50 a sq metre a month, are high. They compare with Frankfurt at up to DM75 a sq metre a month and Munich at just over DM40 a sq metre a month. Rents are quoted and payable in D-Marks and tenants are signing standard west German leases: with disputes to be settled in the west German courts.

The East-West project is being developed by a joint venture between Skanska, the Swedish property company, and a consortium of Hungarian investors, with Skanska having the majority stake.

Another consortium, headed by the Hungarian Bank, has put up three other modern buildings in Budapest – named PK One, Two and Three. One and Two are on the main shopping street Vaci Utca and they have shops and banking halls on the ground floor with offices above.

There are shortages of office accommodation and many western organisations operate from houses, flats and hotel rooms

PK Three, known as the Trade Centre, is near the bus station on Tanacs Korut. It is let entirely to foreign organisations.

All three buildings provide some 50,000 sq metres of offices. A further 120,000 sq metres to 130,000 sq metres of offices with planning consent and finance in place is in the pipeline, says Mr Feltham.

The developers are mainly Austrians, Germans, Scandinavians and French. The British are conspicuous by their absence.

While the office shortage continues, Mr Feltham considers that rents will continue to rise. However, as further build*ings become available to sat*isfy demand, the rate of increase is likely to stabilise.

This view is echoed by Mr Anthony Sutcliffe of Richard Ellis International who estimates that this will happen in 18 months to two years time.

The UK firms of accountants and consultants are present in force in all of the central European cities and are picking up a significant amount of advisory work from government bodies of the respective countries and also from western companies considering moving in.

Ernst & Whinney is working on the privatisation of Hungarian construction group, Kunep. The company employs some 150 people in Budapest, housed in the former local meeting hall of the Communist Youth Party.

Mr Eugene Bannon, evaluating Kunep, says that in addition to the problems with the central question of title there is some local difficulty with the concept of separating a business from the premises *in* which it operates.

For example, a business is likely to be sold together with its property rather than selling the business as a separate entity and then retaining the building as an income-producing asset.

Czechoslovakia is some two years behind Hungary in its reforms. Here there is virtually no modern office space available. For all types of accommodation – including houses, flats and hotel rooms – there is no established market rent level.

"It is a question of haggling," says Ms Claire Makin who co-ordinates Price Waterhouse's valuation practice for central and eastern Europe.

The firm has recently taken *space for its 70 staff in Prague.* The floor is in a mid-1970s building and although 15 years old, it corresponds in standard to an early 1960s development in the UK, says Ms Makin.

Rental levels are, says Mr Feltham, what a tenant is willing to pay and various types of accommodation are being rented from anywhere from $15 a sq metre a month to $100 a sq metre a month.

Prague, like Budapest, is a beautiful city although sadly neglected. In addition it is the stated intention to maintain a certain amount of residential use in the city centre. Local residential rents are low – only about $6 a month and the question arises: at these rents how is refurbishment to be paid for?

Prague is accessible from both Austria and several important German cities. It was the Habsburg Empire's centre of industry it is regarded as one of the better prospects for investment. However, once again it is the Austrians, French, Germans and Italians who are leading the way and British interest is limited.

One exception is Dr Jan Campbell of UK architect Lister Drew Haines Barrow and a member of several Czech advisory *boards. Dr Campbell* has managed to secure 700 sq metres of offices in central Prague for what he calls the independent Czech/British Centre.

Some UK organisations have taken space. He is also involved with a project with the well-known cycling club *TJ* Favorit Brno which would offer sporting, hotel and office facilities just opposite the Brno Exhibition Centre and Velodrome. Brno is the largest city between Prague and Bratislava – less than two hours drive from Prague and 1¼ hours from Vienna and Bratislava.

Poland's capital Warsaw was more than 80 per cent destroyed in the Second World War and rebuilt under communism. There is only one attractive part of the city remaining – and that was rebuilt in the 1950s. The rest is a cluster of social apartment buildings. There is no identifiable central business district as such.

Here again there is virtually no modern office space to be had. The only new building is the Lim Centre which takes its name from its three joint *developers: Lot, the Polish Air*line; Ilbau, the Austrian construction company and Mariot, the hotel chain which has taken a considerable amount of the space for its own occupation. The remainder has been let to foreigners at about DM80 a sq metre a month.

There are two tower buildings – Intraco One and Intraco Two – which were built in the 1970s. Intraco One is largely *occupied by foreigners at rents* of about DM24-DM25 a sq metre a month. A considerable number of projects are in the pipeline, or at least being talked about. However, the main problem is finance which will need to come from the west.

Anne Steadman

FRANCE

Institutional investors want more realism

IT HAS become increasingly clear over the past few months that the Gulf crisis has taken much of the speculative froth off the Paris property market. Now, property agents are beginning to wonder whether a deeper crisis may not be setting in.

The last two years have seen some spectacular property sales, many of them triggered by the departure of yet another leading company from its Paris headquarters for the charms of areas such as La Défense or Levallois: the FFr2.76bn build*ing of the Pechiney aluminium* group; the Shell building on rue de Berri, bought for FFr2.75bn in 1989 and sold on a few months later for FFr1bn more; the FFr1.43bn Philips building on Avenue Montaigne; the FFr2bn Au Trois Quartiers department store and the Hachette building near the stock exchange, sold in April last year for FFr2.78bn.

However, it has become clear *that long-term institutional* investors are demanding more realism from the promoters who have embarked on these developments.

"All the deals are coming to the market at a 4 per cent yield, and on the assumption of FFr6,000 a sq metre rent, where *the market wants a* 5 per cent yield and assumes a rent of FFr4,500 a square metre," comments one Paris property agent.

In spite of all the talk of "one of a kind" properties, rents are steadfastly refusing to go much beyond this level, and that only in the "Golden Triangle" of central Paris. For example, FFr4,400 a sq metre to Générale Sucrière for offices on Avenue Friedland, FFr4,600 for a recent letting on the Champs-Elysées to MCI International.

Foreign investors are much more cautious about the Paris market

This refusal of the market to carry on the heady rate of *ascent of recent years appears* to be causing considerable difficulties to some of the one-man band developers who have climbed to the top of the property business on the back of steadily rising values.

Developers such as the 29-year-old Mr Pascal Jeandet and Mr Dominique Bouillon, former chairman of Foncière des Champs-Elysées, have announced their withdrawal from the property market.

In their place, a number of banks have come to the fore, such as Banque Indosuez, which joined Mr Bouillon last year for the purchase of the Hachette building and which last month bought out the remaining 67 per cent of his company.

Indosuez has denied that the buy-out had anything to do with financial difficulties, and says that it had announced last April, when the Hachette deal was done, that it would be moving to 100 per cent of Foncière des Champs-Elysées.

Property specialists, however, say the *price paid for the* building, which is outside the Golden Triangle, was already well above the market last year, and that the delays in obtaining a permit to redevelop it – an application was filed on December 28 and is expected to take at least six months to process – will greatly have increased the carrying costs.

Other banks, including Paribas, Worms et Cie and Crédit Lyonnais – which has doubled its property lending over the *last three years to FFr84bn in 1990* – are among the *most* active participants in the property market, either directly or as *backers of developers.*

The insurance companies, the traditional mainstay of long-term investment, have shown much greater prudence, often preferring qualify developments in good suburban locations – at yields of 6-8 per cent – to overpriced Golden Triangle buildings, where the architecture of Baron Haussmann's era in the 19th century can often make unsatisfactory premises for lettings in the 1990s.

Foreign investors are much more cautious about the Paris *market, with Swedish* and Japanese institutions, in particular, preferring their domestic markets.

Looked at in financial terms, the property market looks ominously close to its condition on the eve of the crises of 1974-76 and 1982-83.

The stock of bank credits to property developers climbed at a rate of over 50 per cent a year from FFr18.0bn in 1986 to FFr72.9bn in 1989, according to the Bank of France, and stockbrokers Cholet-Dupont estimate a further 50 per cent *expansion to* FFr110bn at the end of 1990.

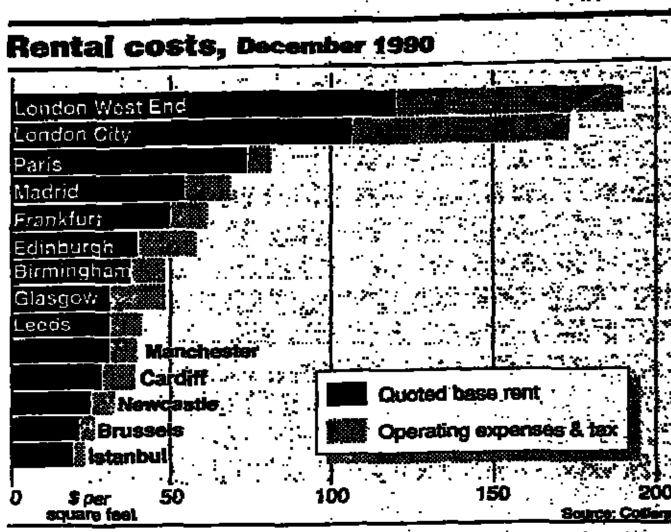
Institutional investment in property, on the other hand, is estimated by Cholet-Dupont to have flattened off to FFr55bn in 1990, half the stock of property as measured by bank credit. Whereas from 1985 to *1988* the *flow of investment* was equal to, or greater than, the stock of bank credit.

This development appears to have worried the Bank of France, for the Commission Bancaire, the central bank's supervisory arm, has launched an enquiry intended to measure the extent of the banking system's exposure to property developers.

Some bankers had already *begun to show concern over* the fragility of these property loans, particularly to the one-man band property devel*opers. If the central bank is* now taking an interest, then others may start to be more cautious.

George Graham, Paris

Rental costs, December 1990



UNITED STATES

Market in state of paralysis

THE real estate industry, the most credit-intensive sector of the US economy, is being buried by the collapse of the 1980s lending spree.

In some states, developers have gone bust, banks have made billions of dollars of provisions and all but the most entrepreneurial investors have withdrawn from the market. "The real estate business will experience its worst decline since the 1930s," predicts Mr David Shulman, a research director of Salomon Brothers.

The pain is most evident in New York and New England, where the recession in the defence, financial services and real estate industries started to bite two years ago. But the downturn is spreading: Washington, Chicago and Atlanta have been affected and even South California has started to feel the squeeze.

The gloom, however, is not universal. A growing number of vulture funds and counter

The recovery of most of the market will be a drawn out affair

cyclical investors are seeking bargains in the belief that that the market is near its turning point. And some areas in the US seem set to escape the maelstrom. The Texas markets, which have experienced their own recession are beginning to turn round while Florida and the Pacific north-west are well poised for growth.

At the root of the industry's problems was a construction bonanza in the 1980s. This was fuelled by tax incentives, the deregulation of the savings and loans industry and by copious amounts of bank finance. Between 1984 and 1989, bank lending to real estate accounted for about 60 per cent of the net loan growth of the banking system, bringing the proportion of bank loans in commercial and residential real estate to 37 per cent.

A large influx of new investors exacerbated this. Japanese investors, driven by trade inbalances and favourable exchange rates sank large sums into office buildings and hotels. US pension funds stepped up their involvement, particularly after the 1987 stock market crash.

"Everyone came in at the same time. Everyone assumed they had the best location," says Mr Gregory White, a Salomon Brothers managing director.

The result was a perceived shortage of good quality product and prices were driven up. "In the 1980s, you could not lose. Wherever you bought a building the price would go up," says Mr Ray Torto of Torto Wheaton Coldwell Banker, a research body.

With hindsight, it seems that the market lost touch with reality. At the same time as property values soared, vacancy rates were rising. No longer were prices geared to the income that could be produced from the property.

This disparity between the investment and occupancy markets hit home with a vengeance when the downturn started. When developers found they were unable to pay their interest costs, banks found they had financed projects using unrealistic assumptions.

The hazards were illustrated by the insolvency in January of the Boston-based Bank of New England, which had 37 per cent of its loan book in commercial real estate. If the recession deepens, the Federal Deposit Insurance Corporation expects 180 bank failures, many due to bad real estate loans.

Even if there are no more bank failures, the pressure on the banks is having a drastic effect. The extent of the provisions, often made at the behest of the regulators, has forced many banks to stop lending money to new property projects.

As a result, the investment market has seized up. Without bank finance, most investors and traders are hamstrung. At the same time, foreign investment is slowing down, as investors become disenchanted with the deals they struck in the 1980s and become preoccupied with problems in their domestic markets.

Offices is the worst-hit sector. "The unravelling of the market during 1990 has, frankly, been startling in its pervasiveness, pace and extent," says Mr Hugh Kelly, senior vice-president of Landauer, a real estate adviser. Downtown office vacancy rates are at an all-time high of 17 per cent nationally. Vacancy rates could rise to 20 per cent in the first half of 1991, according to Coldwell Banker Commercial Group.

The office investment market is in a state of paralysis. "Right now there is no market," says Mr Torto. Owners are holding out until prices improve while buyers are waiting for further reductions.

Time will be on the side of the buyers, according to Landauer. "It is likely that the price will be more reflective of the needs of buyers, as the white collar recession raises operating pressures on building owners," comments Mr Kelly. In addition to the pressures on property companies, the life insurance companies and pension funds are looking to unwind their positions in office investments, which dominate their portfolios.

Against this backdrop, it seems possible that new construction of office space will virtually grind to a halt. Mr Guilliaem "Rusty" Aertsen, a department executive of the Bank of Boston reckons that the average US developer will be denied funds for 18 to 36 months.

The impact of the credit crunch could ultimately aid the industry's recovery. Torto Wheaton reckons that if there is severe credit rationing as a result of the US's financial crisis, the vacancy rate could fall to single figures by 1995 and there would be some increases in office rents by 1994, it reckons.

After offices, hotels is probably the worst hit sector of the industry. In the 1980s, a combination of tax breaks, the expansion of hotel chains and enthusiasm from domestic and overseas buyers resulted in a glut of new, upmarket hotels.

The pain is most evident in New York and New England

Supply greatly exceeds demand: national occupancy rates will be just 63 per cent in 1991, according to Landauer.

The picture is not so uniformly bleak for the retail market where the oversupply problem is less pronounced. Top quality shopping malls are sufficiently rare to be in continued demand, in the view of Landauer. It perceives "a reservoir of confidence among retail property specialists".

However, the recession and the bankruptcy filings for department store chains such as Campeau's Federated Department Stores, which owns Bloomingdales, may take a heavy toll.

Industrial property is perhaps the brightest corner of the US real estate market. Occupancy rates are 93.2 per cent according to the Coldwell Banker vacancy survey. The market will be hit by the recession but should recover promptly thereafter.

"There will be opportunities to participate in the cyclical recovery of warehouse space, because the lack of credit will cause new starts to lag in the upturn," says Salomon Brothers.

Even if some sectors and some regions expect a modest downturn, the recovery of most of the US property industry will be a long, drawn out affair.

"This will be a good year from the tenants point of view, a year of planning from the investors point of view and a time for a long vacation from the developers point of view," says Mr Ray Torto.

Vanessa Houlder

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■ JAPAN: a depressed sector may bring some good

Bubble economy cools down

SIGNS of a property slump are emerging. Among the most tangible are an increase in failures among small property developers; a fall in apartment prices and announcements by several companies of depressed sales of real estate holdings. However, Japanese financial authorities think the troubled times in the property market will do the country good.

The slump has yet to become the crash that foreigners have thought would be the inevitable end to several years of speculative excess fuelled by easy money and a presumption that the Japanese property market had a unique, gravity-defying character.

Commercial and residential property sectors have been uneven, and sharp differences have emerged between the two largest cities, Tokyo and Osaka. Tokyo prices have risen only marginally in the past two years, while prices in Osaka, the second largest city, have doubled during the same period and are showing distinct signs of weakness.

The causes of the downturn are easily identified. The Bank of Japan has lifted the official discount rate five times to 6 per cent since May 1989, the stock market plunged by as much as 48 per cent during last year, and banks have been under severe pressure, both financial and official, to limit real estate-related lending.

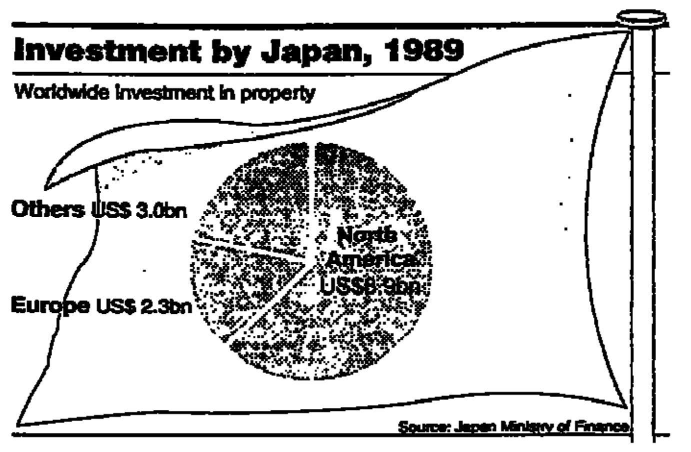
Late last year, Bank of Japan officials suggested that they would like a gradual fall of 20 to 30 per cent in land prices to take some of the heat out of the speculative economy, known to Japanese as the bubble economy. The government has welcomed a fall in the hope of reducing public anger over rising home ownership costs.

The failure of several high-profile property developers with links to larger, listed companies prompted concern that a sudden price fall and, perhaps, a crash were on the way. However, Japanese banks have bolstered the most vulnerable of their clients and no listed companies have collapsed.

There is a growing list of companies forced to offload property holdings as part of their bank-backed restructuring programmes, but news of these sales has been received calmly. It is expected that banks will be cautious in their disposals, and may be able to sell troublesome properties to related companies.

High-profile companies with problem portfolios include Itoman, the Osaka trading house now virtually run by Sumitomo Bank; EIE, the Tokyo-based developer with a large international portfolio; the general contractor Tobishima Corporation, now getting support from Fuji Bank; and Azabu Building, part of the Azabu group of stock and property speculators.

Investment by Japan, 1989
Worldwide investment in property



Source: Japan Ministry of Finance

Itoman is attempting to reduce property debt by Y700bn, EIE is aiming at a Y300bn reduction, Tobishima plans sales for a Y150bn cut in debt, and Azabu Building wants to reduce its borrowings by Y200bn by the end of June through a property sell-off.

Mr Harumi Ando, managing director of Tobishima, said the company is confident of finding buyers because "we have a good stock of locations in the Tokyo area and prime properties are always in demand". In Tokyo's central business district, the non-occupancy rate was only 0.2 per cent last year.

Mr Ando said that the property market is close to stabilising: "If we are forced to generalise about the market, we would say that it has just about bottomed out. We have a very strong sense that prime properties are in demand."

Tobishima plans to concentrate on the core business of construction and reduce its role as a developer, which expanded in recent years as the company's ambitions were heightened by the strong property sector. The contractor was badly bruised by the failure of Nanatomi, a stock and property developer, which filed for protection in January with debts of about Y300bn, and loans and guarantees from Tobishima at Y123.4bn. But Fuji Bank has limited the damage to Tobishima by assuring creditors that funds will be provided to ensure that debts are rolled over.

Even though the Tobishima example could become the norm among listed companies with property problems, Mr Ando believes that some smaller developers are in more serious trouble: "There are a lot of developers who are unable to secure necessary funds. The pain isn't over yet."

A jump in the stock market in February and confidence that the central bank will cut the discount rate in April have contributed to a sentiment that the worst is over.

Several sectors remain vulnerable. In particular, the condominium market and the property market generally in the Osaka area. Fears of a condominium crash encouraged contractors to fulfil contracts earlier than originally planned with the result that condominium starts rose 65 per cent in September from a year earlier.

The ratio of of sold condominiums to new condominiums fell to 49.2 per cent in Tokyo last month, the first time the level has been below 50 per cent since August 1985, while the ratio was only 34.7 per cent in Osaka. Condominium construction is expected to fall by 12 per cent this year, and the industry is hoping that the presumption of slowing supply will keep prices high.

The Japanese government claims to be determined to make housing more affordable for ordinary people, who have seen the speculative swirl push prices beyond their means. The ruling Liberal Democratic Party has promised to introduce a landholding tax and penalties for under-used land in an attempt to increase the supply of property.

However, the changes are opposed by interest groups, such as construction companies, traditionally sympathetic to the LDP, and there remains a possibility that the tax, due for introduction in fiscal 1992, will be deferred indefinitely.

In piecing together a prediction for the market, the Tokai Bank pointed to the 8.9 per cent fall in Japanese property prices in 1975, following a rise inspired by grand plans to redevelop the entire Japanese archipelago. The bank expects that prices will fall again, but remains unsure of the degree.

"It is not easy to predict the extent of the decline because a number of undetermined problems are involved and because of the time taken to produce visible effects. And there is the question whether the price myth, that property only increases in value, will collapse."

Robert Thomson,
Tokyo

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Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if:

(a) they have delivered to me at the address show below, no later than 1200 hours on Thursday, 21 March 1991, written details to the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with me any proxy which the creditor intends to be used on his behalf.

Please note that the original proxy signed by or on behalf of the creditors must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Date: 5 March 1991

N J Vooght
Joint Administrative Receiver

Address to which proxies should be delivered:
N J Vooght
Cork Gully
9 Greyfriars Road
Reading, Berkshire RG1 1JG

هكذا من الأصل

Timon of Athens

YOUNG VIC

Anyone who enjoys the capacity of the theatre to surprise should hop along immediately to Trevor Nunn's production of *Timon of Athens* at the Young Vic. You may not approve of it, I cannot guarantee that you will like it, but at least it will stir you up, especially in the second half. This is one of those occasions which, as somebody said about the battle on St Crispian's Day, it is better to have attended than not. It will be remembered for a long time to come.

Timon is not the best of plays except perhaps for Timon himself, and even his best lines are kept till towards the end. It is Jonsonian, rather than what we would normally call Shakespearean, in that the characters are not developed and have no depth. Poetry is in fairly short supply: a widely held theory is that Shakespeare wrote it only in draft. Put it on a big stage in an expensive production and you might make something out of the contrast between Timon's initial lavish generosity and his subsequent misanthropy. Stick it in the ramshackle, if lovable Young Vic, and you are taking a pretty high risk.

The risks come off. Nunn's production is in modern dress. There are commandos, armed members of the IRA and the SAS all over the place. There are also men in dinner jackets, white tie and top hats for the races. Nunn takes considerable liberties with the text, but I think that they are justified. If one wanted to be critical, it would be to say that the Timon of the first half bears no relationship to the Timon of the second.

Barry Foster and David Suchet

Alastair Muir

In the opening scenes, this is more Timon of Ascot than *Timon of Athens*. David Suchet as Timon looks like nothing more than a television mogul surrounded by sycophantic creeps who are preparing to bid for his franchise. There is no grandeur about it. This is the world of the champagne buffet supper with a touch of public relations behind it.

The second half, where Timon has retreated to his cave – in this case the back of a van in a junked car dump – is quite different. But there is one thread that helps to join the two. This is the character of Apemantus played by Barry Foster. Apemantus is a philosopher, an outsider, a cynic whom Timon never wholly abandons. He even invites him to the banquets in the first part of the play. In the second it is Apemantus who comes to see him and has the longest dialogue with him. They talk together like two tramps in a way that will remind you of other playwrights. This is a superbly sustained bit of acting and direction.

Also note the use of the stage. An invisible helicopter lands in the Young Vic, which is a small place. At the end the civilians and the military negotiate with each other by megaphone from diametrically opposed ends of the theatre, way above the heads of the audience.

Malcolm Rutherford

The Winter Wife

LYRIC HAMMERSMITH

Rachel Joyce

Alastair Muir

It takes some courage to do as Claire Tomalin has done and step from a well-received biography to a first play. But she has the benefit, in Katherine Mansfield, of a character who, if not born dramatic, certainly ensured that drama was thrust upon her: blackmail, venereal disease, premature death are there, all of them standard ingredients of Ibsenite tragedy. What is more difficult is to convey a sense of the artistic personality in all its minute and contradictory detail, with its moods and textures intact.

Tomalin sets her play in the final chapter of Mansfield's life, as she battled with the physical and emotional effects of tuberculosis in the south of France. It was a period of wasting, rage and last gasp creativity, claustrophobically tended by the woman she imperiously dubbed her "wife".

She was being blackmailed by a Polish lover from her salad days in Bavaria, had been rendered infertile by gonorrhoea and had been all but abandoned by her husband John Middleton Murry, who demanded reviews but forgot to pay her for them, contributing both to her workload and her penury. "We live outside the rules," she explains to her doctor with a mixture of courage and fatalism.

+The Winter Wife+ does not have the centrifugal force of the best biographical drama: the ability to contain a life in an episode and a personality in a perfectly turned anecdote. It assumes knowledge, for instance, of Mansfield's family background which is only referred to in a somewhat overloaded final monologue by Ida after Katherine's death.

But it has a searching and moving characterisation, devoid of sentimentality, which is brilliantly picked up in the portrayal by Rachel Joyce, of a woman who could be as capricious, cruel and ungenerous one minute as she was courageous and perceptive the next. The paradox is captured in jewel-like moments such as her squeal of triumph as, from her sickbed, she uncovers the humanity of her distinguished French doctor (a quietly convincing Michael Irving). For an instant childlike delight replaces pain and the idle flirtation of a relationship founded as much on +moues+ as on medicine.

The same ambivalence dominates Katherine's relationship with Ida, a lanky and ingratiating Gabrielle Lloyd who allows you to feel the devotion of this saintly character while understanding how cloying she must have seemed to a free spirit like Katherine Mansfield, particularly when she was so pinioned by illness.

The sexuality latent to the friendship of these unlikely childhood friends – one dull and dependable, the other brilliant and bitchy – is never overstated in Patrick Sandford's elegant production, which comes to the Lyric from Southampton's Nuffield Theatre. It achieves a touching representation of a life conducted on the borders of reality and fiction.

Claire Armitstead

La Dame de pique

OPERA BASTILLE, PARIS

The new staging of Chaikovsky's *Queen of Spades* (in Russian) at the Bastille in Paris is shared with La Scala, Milan, where it was given last summer. The film director Andrey Konchalovsky has clothed his avowedly expressionist, "nightmarish" treatment of the opera in grandiose, grey-green architectural sets by Ezio Frigerio – mysterious, dimly-lit evocations of Petersburg "white nights". For much of the time the stage is dominated by a monument bearing a sculptured bas-relief presumably representing the old Countess in her youth as the "Muscovite Venus".

The period has been moved forward from the late 18th century to the time of the opera's composition a hundred years later. This makes nonsense of the Countess recalling Versailles in the days of the Marquise de Pompadour, but Chaikovsky's inspired choice of a Grétry song for her to croon in half-voice is in any case anachronistic. The Countess's Edith Evans hat, Lisa's friends posing in pre-Raphaelite frocks, the street gang in Mack-the-Knife brown bowlers popping up after Lisa's suicide, or the stiffly formal treatment of the chorus in the early scenes (emphasising the conventionally operatic side of the work), don't greatly matter.

The *Faithful shepherd* pastoral at the costume ball (choreographer Jean Guizerix) was done as fantastic rococo. I thought, but could not be sure in the encircling gloom, that the apparition (unlikely in 1890) of the Empress Catherine at the end of the scene was mimed by the Countess. To be fair, the impression of a surreal Petersburg dream-world where memories and traditions last so long that periods stretch and mingle, was quite powerfully suggested. Unfortunately there was a gap between what was seen and what was sung that could only have been bridged by stronger leading performers on the stage.

It may be early still to make much of the acoustic defects of the Bastille (how long was it before the Festival Hall became tolerable?). Yet, coming to the Big Fridge after two evenings in the golden resonance of La Scala, it sounded as if the Bastille pit and stage don't acoustically coalesce. The orchestra is shaping well. The appointment of Myung-Whun Chung as conductor is clearly a success. He was persuasive in the dramatic pages and in the rococo pastiche (poison to prigs but delightful when done as well as this) of the pastoral. On stage voices tend to dry out: only singers with personality and projection – the Korean soprano Kungwon Park (Prilepa in the pastoral) and the two fine baritones Sergey Leiferkus (Tomsky) and Gino Quilico (Yeletsky) – came over freely.

The Queen of Spades however depends largely on the attraction-repulsion between the Countess and the wretched Herman. The former role was to have been taken by Régine Crespin, who has sung the part in various places during the last few years and whose magnetism would have been valuable. But "notre Régine nationale", as the papers call her, kept her public guessing up to the last moment before calling off on grounds of ill-health. The replacement, Irina Bogatcheva, gave a quietly effective, intelligent reading on too small a scale for the house. She wasn't helped by the cold-looking set for the Countess's bedroom, with apparently unglazed windows behind the old lady died in her wheel-chair with her back to the audience.

The Herman, Vladimir Popov, who has a real Russian plangent tenor, was nervous and insecure of intonation in the first part, clear but not very strong later. In appearance Popov suggested neither the obsessive gambler of Pushkin's story nor the Byronic figure preferred by Chaikovsky. The girl Lisa was the Danish soprano Tina Kiberg – tall, slim, wearing her ball dress with distinction, phrasing delicately and sensitively but so far lacking the core in the tone, the line and the "bite" for Lisa's great solo in act 3. A good Pauline will usually steal the scene in Lisa's room. The French mezzo Hélène Perraguin did just that. Full house, much enthusiasm.

Ronald Crichton

Of fakirs, cheetahs and bats

None of the paintings, drawings or sculpture on show at Hazlitt, Gooden & Fox were conceived as works of art. The meticulous accounts of landscape, flora and fauna, of the personalities and everyday life of the subcontinent that appear in *Indian Painting for British Patrons 1770-1860* were commissioned from native artists by the British in the spirit of science or simply as souvenirs, in the years before photography was to render such records obsolete. That they are now valued for their artistic merit too is not a bit surprising.

Curiosities and question marks abound in this engaging show. In pride of place as one of the most extraordinary pilgrims of the age, is the fakir Purani Pura, drawn around 1790. The holy man is caught in a rare moment of repose, sitting cross-legged, his splindle-thin arms – a striking contrast to his bulging belly – crossed above his head. Purani Pura adopted this pose of penance in his boyhood and spent the rest of his life travelling on foot, raised arms crossed, the length and breadth of India, and as far afield as Moscow and Samarkand.

Technically curious is the group of animals of painted wax, possibly the aromatic gum of the Sal tree boiled with mustard oil. No comparable models exist outside this well-documented series, made around 1790. Sir Charles Warre Malet, the Resident at Poona, maintained at least three elephants, 29 camels and a tame hunting cheetah apart from a menagerie. Here we find his favourite camel – and his tame hunting cheetah, along with a lynx, a cheetah and an elephant. The inscriptions tell us the models were made by one Gangaram Chintaman Tambat, but as with other Indian artists, we have no idea what they produced when not working for the British.

Yet another menagerie and an aviary were established in 1804 in Barrakpore by the Marquess Wellesley "to enlarge the boundaries of general science". His surgeon, Francis Buchanan, was charged with scientifically recording the species collected, and Indian artists were commissioned to draw them.

Lady Impey, wife of the Chief Justice of the Supreme Court of Bengal, was among the first patrons of natural history painting in India, and responsible for some of the most decorative examples. Shaykh Zain al-Din's Orange-headed ground thrush and a Death's-head hawk moth on a spray of bauhinia of 1778 has all the carefully composed grace of a Dutch still-life. In contrast, Dhawan Das's darkly silhouetted Giant Indian Fruit Bat menaces the gallery.

Less obviously Indian is an early 19th century view of the Ganges by an artist who had obviously been taught the art of watercolour by an English painter of some stature. But who? The pictures of race-horses are in an unmistakeably English idiom too, apart from the exotic grooms.

Outstanding Anglo-Indian paintings do not exist in any great number and the chances are there will never be another sale exhibition of this quality. The show continues at Hazlitt, Gooden & Fox, Bury Street, until March 28.

★

In great contrast but of comparable charm is the Christopher Wood Gallery exhibition (at Motcomb Street, also until March 28) of "The Artistic Interior". The title is broadly interpreted to draw on a rich variety of late 19th century British and Continental images of interiors by artists, artists at work, artists' houses and "Artistic" or Aesthetic interiors – the last two quite often one and the same in a period when artists' houses represented state-of-the-art interior decoration.

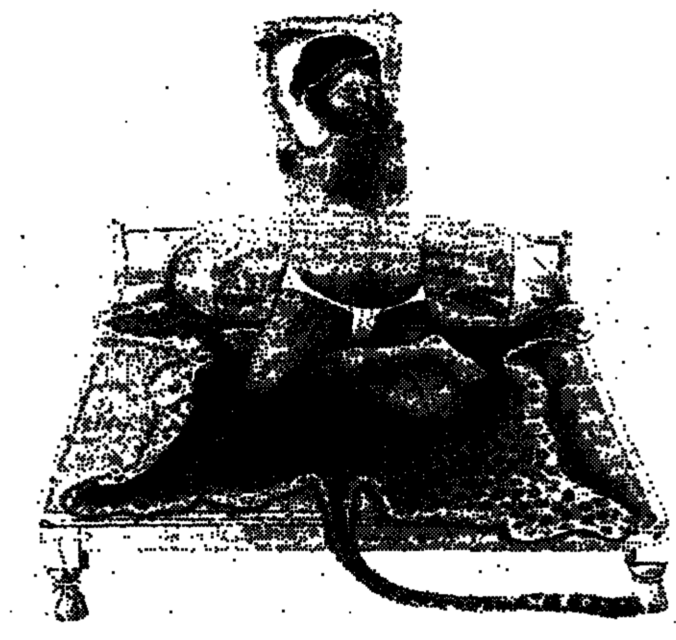
Atkinson Grimshaw's Scarborough house, "Castle by the Sea," is a case in point, here providing the props for two recently rediscovered canvases. Turkey carpets, Kashmir shawls, Japanese fans, Renaissance metalwork chargers and blue and porcelain – the prerequisites of a fashionable home 1870s-style.

Frith is represented by a sketch for "Many Happy Returns of the Day", a Home-Sweet-Home High Victorian domestic idyll of a birthday tea in the Frith household. From Lord Leighton comes a succulent oil sketch of a room on Lindos, Rhodes. But the rewards of this show are more the secret nooks and crannies captured by far lesser lights.

Alphonse Gaudefroy, for example, presents "The Sculptor Dalou's Studio", the tiny figure of the studio assistant giving scale to the monumental plaster figures made for the "Triumph of the Republic" in Paris. There is enough dust in the atmosphere to make one cough. Of great delight, too, is an unusually large (27x48in) and brilliantly coloured watercolour by Benjamin Walter Spiers. Its title is taken from Thackeray: "Armour, prints, pictures, pipes, china (all crack'd) Old rickety table and chairs broken back'd."

The mid-century's passion for history and story-telling comes neatly packaged in William Yeames' "A Visit to the Haunted Chamber". Two terrified young girls tiptoe across a panelled bedchamber at Hever Castle, the house Anne Boleyn was said to haunt. Tipping over into the 20th century is the "Parlour of the Judges' Lodging at Wells", its peacock feathers and iridescent blue glass glowing in the Stygian gloom. The artist, George Sheringham, was also an interior decorator, theatre designer and – that one would ever guess – a designer of Cadbury's chocolate boxes.

Susan Moore



The fakir Purani Pura, drawn around 1790

Freddie Hubbard

JAZZ CAFE

Trumpeter Freddie Hubbard claims not to have known what jazz was when he first heard it – he was busy doo-wopping. After he found out, in the early 1950s in Chicago, he went on to help shape it, playing alongside some of the music's most influential characters including Eric Dolphy, Art Blakey and Ornette Coleman.

In London for a three-night residency at the Jazz Café (fast establishing a monopoly in quality programming, Ronnie's and others please note) he was in bop mode. Bringing a piano (Dutchman Cees Slinger), double bass (Geoff Chambers), tenor (Don Braden) and drums (Louis Hayes) to make up the quintet, Hubbard sounded fit to start a rush on old Blue Notes in the record shops.

Although he has moved in many styles, from abstract to fusion, this hard, urgent bop is what most audiences still want from him, I'd guess. For this reason, and because they work so well together, Hubbard and Hayes, one-time Horace Silver accompanist, are the stars of the show: the drummer snappy and tricksy with the rhythm, Hubbard punchy and bright, even with the more mellow flugelhorn in hand.

Hubbard is not known for his abilities as a leader and he and Hayes often seemed to leave Chambers and Braden a little at sea, wondering who was on next as the older pair careered on. Slinger, a capable soloist, filled in when he found a space or when Hubbard was having a cigarette, stage left.

When Hubbard prefaced "One of a kind" with the promise of it featuring Braden's tenor, the young American immediately left the stage for a glass of water, possibly knowing it might be some time before he got a look in. He did manage to butt in from time to time, and the jerky, tough sound of the tenor sat well with Hayes crashing cymbals and bass drum.

Pacing impatiently during other's solo parts, bending away from the mike holding the instrument high during his, Hubbard is almost as good to watch as he is to listen to. The look and sound are unmistakeably American, casual and powerful in one. Not what you'd call polished or rounded, but raggedy, rousing bebop.

Garry Booth

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

The Brahms Experience this weekend at the South Bank Centre in London is Roger Norrington's latest foray into a past musical era. Norrington, one of the leading advocates of the Authentic movement, has had stirring successes with his previous reconsiderations of Mozart, Haydn, Beethoven and Berlioz. Brahms has so far been relatively untouched by period instrument players, partly because the instruments used in the Romantic symphony orchestra are much nearer to those of our own day than the classical and early Romantic era. Norrington is likely to challenge received opinion on how Brahms should sound, and his performances are certain to surprise those who reckon that a weekend of Brahms is heavy fare.

The programme of the Brahms Experience follows a similar pattern to its predecessors: talks and open rehearsals are interspersed with chamber recitals, formal concerts and plenty of refreshments. After the opening welcome in the Queen Elizabeth Hall tonight at 18.30, Norrington conducts the London Classical Players in a concert titled The Background to the German Requiem, with music by *Palestrina, Schütz, Handel, Bach,* Schubert, Mendelssohn and Brahms.

Tomorrow's programme, beginning at 15.00, includes a fortepiano recital by Melvyn Tan and an open rehearsal of the German Requiem, including a discussion of performance problems and classical playing techniques. On Sunday at 11.00, Peter Branscombe will talk about the spiritual and cultural background to Brahms, and the weekend is rounded off with a performance of the German Requiem at 15.00, with the solo parts sung by Sylvia McNair and Olaf Bär.

Amsterdam can also look forward to a high-powered musical weekend. At the Concertgebouw tonight, Janos Fürst conducts The Hague Residentie Orchestra in music by the Scandanavian composers Niels Gade and Carl Nielsen. Tomorrow afternoon the Netherlands Philharmonic play Messiaen's Turangalila Symphony. In the evening and on Sunday at 14.15, Murray Perahia is soloist in a Beethoven programme with the Royal Concertgebouw Orchestra conducted by Wolfgang Sawallisch.

Major operatic events in the coming week include a new production of La Clemenza di Tito (Sun) at the Vienna State Opera conducted by Sylvain Cambreling, and Parsifal at the Metropolitan Opera in New York (Thurs) conducted by James Levine, with Placido Domingo in the title role and Jessye Norman as Kundry.

Starting next week, the annual Spring Festival in Budapest offers a wide range of cultural events till the end of the month. There *are at least four major concerts* to choose from every day, and the programme also includes a Hungarian dance festival starting next Friday.

EXHIBITIONS GUIDE

AMSTERDAM

Rijksmuseum Dutch Drawings from the Collection of Maida and George Abrams: 115 drawings mainly from the early 17th century, including works by Rembrandt and his school. The Abrams' collection, gathered over the past 30 years, specialises in genre compositions and figure studies, but also includes coloured drawings of flowers and animals. Ends April 28. Closed Mon

Van Gogh Museum Dutch Painting 1880-1895: with 178 works, the exhibition sheds light on the artistic reforms pioneered by the generation of painters which followed the Hague School. It also shows how Van Gogh was influenced by the Dutch cultural climate before 1890, and how he in turn inspired talented artists of the younger generation. Ends May 26. Daily

BARCELONA

Fundacio Joan Miro Antoni Tapies: Extensions of Reality. Includes 40 objects and sculptures, as well as 50 works on paper and cardboard, by the Spanish abstract painter Tapies (b.1923), drawn from collections and museums worldwide. Ends April 14. Closed Mon

BERLIN

Museum fur Moderne Kunst From Expressionism to the Resistance: Art in Germany 1909-1936. First showing in Europe of the Marvin and Janet Fishman Collection, tracing the development of Expressionism and the reaction against it in the Neue Sachlichkeit. Ends April 28. Closed Mon

National Gallery Anselm Kiefer: 58 works by the German artist (b.1945) drawn from collections worldwide, including expressionist paintings and monumental steel sculptures, voicing Kiefer's preoccupation with war and the destruction it causes. Ends May 20. Closed Mon

LONDON

Barbican Centre Centenary tribute to the English painter Stanley Spencer. Also Man Ray: fashion photography from 1922 to 1942. Ends April 1. Daily

Hayward Gallery The Twilight of the Tsars: Russian Art at the Turn of the Century, with 500 exhibits from Soviet galleries showing art nouveau architectural designs by Shekhtel and Fomin, the revival of Slavonic and Russian craft traditions, the obsession with the East and the symbolist style of painters such as Borisov-Musatov and Talashkino. Ends May 19. Daily

Royal Academy The Buhrle Collection: Impressionist and Old Master paintings, including works by Canaletto, Van Goyen, Cezanne, Van Gogh, Gauguin and Degas. Ends April 14. Daily

Tate Gallery Max Ernst (1891-1976), centenary retrospective of the German-born Surrealist, comprising 200 paintings, drawings, collages and sculptures from collections throughout Europe and America. Ends April 21. Daily

Victoria and Albert Museum Appearances: Fashion Photography since 1945, a study of postwar trends, with 200 classic photographs by Norman Parkinson, Ronald Traeger, David Bailey and others. Ends April 28, Daily

MADRID

Museo Nacional Centro de Arte Reina Sofia Masters from the Guggenheim Collection: from Picasso to Pollock, with 125 paintings and sculptures representing the main movements in 20th century art. Ends May 13. Closed Tues

MARTIGNY

Fondation Pierre Gianadda Chagall in Russia: 40 oils and 150 drawings and watercolours from Soviet museums and private collections. The majority of works, including seven panels of decor for Moscow's Jewish Theatre, were until recently hidden from the public eye. They contain all Chagall's favourite themes, but unlike his later work, the style is influenced by Cubism. Ends June 9. Daily

MUNICH

Villa Stuck Sculpture and Space: abstract sculpture and other examples of concrete art by Max Bill (b.1908) and eight other established artists from Germany, Switzerland and Scandanavia. Ends April 28. Closed Mon

NEW YORK

Brooklyn Museum Alfred Bierstadt: Art and Enterprise, with 74 oil paintings by the American landscape painter Bierstadt (1830-1902), ranging from small plein-air sketches to the monumental western panoramas for which he is best known. Ends May 5. Also Monet and his Contemporaries: Impressionism and Post-Impressionism. Five Monet landscapes from the *permanent collection are included* with paintings by Pissarro, Matisse, Bonnard, Cezanne, Toulouse-Lautrec, van Gogh and Picasso. Ends June 3. Closed Tues

Metropolitan Museum of Art The Romantic Vision of Caspar David Friedrich: the first American exhibition devoted to German's greatest Romantic painter, with nine paintings and eleven works on paper from museums in Leningrad and Moscow. Ends March 31. Also The Fauve Landscape: Matisse, Derain, Braque and Their Circle, with 125 works showing the vibrant quality of landscape painting in France in the first decade of this century. Ends May 5. Closed Mon

Museum of Modern Art Liubov Popova: 55 paintings and 60 works on paper by the constructivist Popova (1889-1924), considered one of the most original artists of the early 20th century Russian avant-garde. Includes theatre, book and textile designs, many from Soviet collections. Ends April 23. Also Art of the Forties, documenting the early flourishing of American abstract painting, the recognition of Latin American art, and artistic activity in Europe during the Second World War. Ends April 30. Closed Wed

PARIS

Centre Georges-Pompidou Juan Gris: Drawings 1915-1921. A collection of 30 drawings from Valencia showing the vitality of colour that characterised Gris' work in comparison with other Cubists of the period. Ends April 1. Closed Tues

Galérie Maurice Garnier Bernard Buffet (b.1928), the French painter loved by the Japanese celebrates Views of New York in his *characteristic spiky style.* Ends March 29. Closed Sun and Mon

Hotel de Ville, Salle Saint-Jean Arturo Martini (1889-1947): the gently melancholy mood of the 49 bronze and terracotta works by the self-taught sculptor of the Valori Plastici group changes into voluptuousness with the female nude La Pisana. Ends April 7. Closed Mon

Musée Dapper Household Sculpture, a collection of 100 works in wood, ivory and brass from traditional societies in black Africa. Ends April 28. Daily

Louvre, Pavillon de Flore Joos van Cleve: an exhibition showing the Italian influences on the Flemish painter, who became a Master in Antwerp in 1511 and visited Genoa around 1515. Ends May 27. Closed Tues

STUTTGART

Staatsgalerie John Latham: Art and Philosophy, an exhibition of paintings and collages by the British artist (b.1921), whose radical ideas about art were noticed in the 1960s and 1970s, but have yet to reach a wider public. Ends April 21. Closed Mon

ZURICH

Kunsthaus From Leibl to Pechstein: drawings by ten German artists around the turn of the century, including impressionist works by Menzel and Liebermann, as well as unpublished sketches by leading members of the Brucke, including Kirchner and Heckel. Ends April 21. Daily

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Grand design for defence

MR JACQUES Delors, the European Commission president, has never been a man for half-measures. He sees his role as the philosopher-guide of a community of 12 nations who have to be reminded constantly of certain grand objectives, to ensure steady progress towards a more unified Europe.

Mr Delors was true to form in his lecture in London yesterday. Though not everyone, including the British government, will agree with the concrete proposals he makes for a common European foreign and defence policy, he is right to underline the urgency of addressing this whole issue in the aftermath of the Gulf war.

The Gulf war, as Mr Delors readily admits, provided "an object lesson on the limitations of the European Community". The Community's ability to act jointly on the international stage have not kept pace with the very important steps that have been taken over the past few years towards economic integration. The Twelve, it is true, were able to act cohesively when they supported the adoption of United Nations sanctions against Iraq, but did not even try to adopt a common policy on their military contributions.

Mr Delors draws very different conclusions from this failure than the British government. Instead of claiming that the absence of a common stance in the Gulf demonstrates the futility of believing that a group of 12 nations can ever adopt a common foreign, let alone a joint defence policy, he asserts that, on the contrary, it underlines the need for such policies.

Bigger role

Mr Delors' arguments will certainly persuade those who believe that the Community was never intended to remain no more than a large market, with some common policies, but with no real influence on international political developments. At a time when the Community is discussing the creation of an economic and monetary union, which would give it an even greater weight in international economic affairs than it has already, there is every reason why it should also play a bigger international political and defence role.

It is not so much Mr Delors' assertion that the EC needs to build a stronger political and defence identity that is controversial. It is the methods that he proposes to achieve that objective, particularly in the field of defence policy, which appear unrealistic to many.

There is already wide agreement among the member states that there should be a link between the nine-nation Western European Union and the political co-operation mechanism of the Community, under the overall umbrella of the European Council, composed of the heads of government of the 12. The WEU, all of whose members are also members of Nato and the EC, could form an effective bridge between the two organisations.

Transitional solution

Mr Delors, however, looks upon such a system as no more than a transitional solution. He would like the 13 to state that the ultimate goal is a single European community which would also take decisions on both foreign and defence policies.

Though he makes the proviso that, under the new treaty, "decisions on the principle and implementation of a common defence policy" would still require unanimity, the Commission's proposals are clearly too ambitious. Britain, as well as some other nations such as France, would never relinquish their power to take sovereign decisions in such a sensitive area as defence.

Nor do Mr Delors' proposals take account of the US attitude. While it is true that Washington has always been in favour of a "European pillar" of the Atlantic Alliance, it would look askance at any attempt by the European Community to forge a completely separate defence policy. Indeed, such a move might even provoke a complete military disengagement by the US from Europe.

The advantage of the WEU "bridge" solution is that it avoids all these pitfalls. It allows the European countries to co-ordinate their defence policies, while not giving the impression that they are doing so outside the framework of Nato.

The state and British industry

HAVING lost an empire of state-owned industries, ministers and senior officials at the Department of Trade and Industry will spend this weekend racking their brains to find a role for their department. The House of Lords report on innovation in manufacturing industry, published on Wednesday, makes some useful specific suggestions. But as an attempt to map out a new model for government's relationship with industry, the report is a failure.

The report, by a select committee chaired by Viscount Caldecote, is in part common sense. It recognises that innovation is not a purely technological process, conducted by boffins in laboratories. Innovation also requires the commercial exploitation of ideas by companies with sensible business plans. However, this admission of the responsibility industry bears is clouded by a series of misconceptions.

Like its forerunner, the Aldington report on manufacturing, published by a House of Lords committee in 1985, this report displays a sectarian snobbery about the importance of manufacturing industry.

A woolly argument that Britain's strength in aerospace and pharmaceuticals can be explained by government involvement prompts the dangerous suggestion that the launch aid provided for jet engines should be extended to other products. This is justified by the claim that it is conceivable that the UK will end up with no significant British-owned industry.

Sterile arguments

The report gets bogged down in sterile arguments about the state's role in the economy. One of the most important changes of the Thatcher revolution was a renunciation of state intervention and subsidy. Instead, the government should create an environment within which industry could flourish. The committee is wrong to suggest that the pendulum should swing back. The way forward is to develop the government's role as creator of the environment for a dynamic private sector.

The government's most important contribution should be to provide a stable macro-economic framework, with low inflation and interest rates. It should develop to high standards the public infrastructure which underpins industry, especially the education and training system and the transport network. There is also a limited role for the state in compensating for market failures, for instance by providing some — limited — finance for research and development.

Information flow

At their weekend meeting, DTI officials should explore other ways to improve the environment for business. One area is the provision of information. The department should help to ease the flow of information around the economy, for instance between university science departments and companies or between the City and industry.

The department should be a conduit through which industry presents its views to government on issues which affect input costs, such as energy pricing and the level of the uniform business rate. It should tell industry about government plans – helping companies, for instance, adjust early to cuts in defence spending.

This week's review of the telecommunications duopoly shows how promoting competition can be a much more effective way of making an industry dynamic than subsidising it. The department should build on this to develop a more coherent sense of purpose as a regulator.

Most importantly, the international trade aspects of the department's work are becoming inseparable from its responsibility for domestic industry. The government should set remorselessly high standards for British industry, by facing it with competition from the best in the world. That means making the UK attractive to inward investment, and maintaining a commitment to open trade.

The traditional alternatives of meddling state intervention and laisser faire zealotry do not exhaust the options for the government's relationship with industry. The failure of the Caldecote report to offer an alternative does not excuse the DTI from developing a more productive role for itself.

Norman Lamont's first Budget may provide clues to a tax-reforming government agenda for the 1990s. **Peter Norman** reports

Straws in the wind on the tax system

MR Norman Lamont, the UK chancellor, may have been locked away in pre-Budget purdah for the past six weeks, but there is a strong whiff of tax reform in the air.

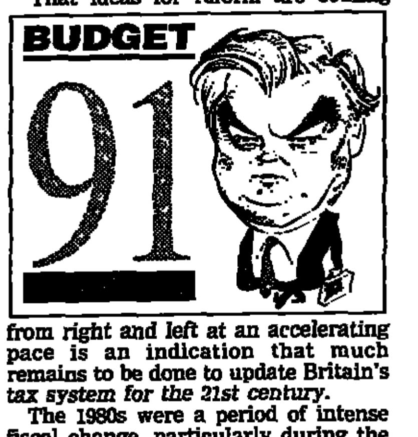
Pre-election Budgets, like the one on March 19 could be, are rarely radical. But they often set down markers for future deeds. Expectations are growing that this year's Budget and, more probably, the Conservative party's manifesto for the next election will herald a tax-reforming agenda for the 1990s.

Such thoughts have been fuelled by the prime minister's desire to turn Britain into an "opportunity society", by the belief that Mr Lamont is a tax reform enthusiast, and by his action in appointing Mr Bill Robinson, former head of the Institute for Fiscal Studies, to be his special adviser in the Treasury.

Symptomatic of a reviving interest in fiscal change has been a flurry of pamphlets and booklets from various think-tanks.

In the past week alone, the free-market Institute of Economic Affairs has produced a book advocating the "earmarking" of specific taxes to particular forms of government spending. Towards the political left, the Joseph Rowntree Foundation has published a report by Mr John Hills, a London School of Economics tax expert and Labour party adviser, which attempts to cut through the thicket of subsidies, benefit and tax concessions surrounding housing finance with 39 proposals for reform.

That ideas for reform are coming



from right and left at an accelerating pace is an indication that much remains to be done to update Britain's tax system for the 21st century.

The 1980s were a period of intense fiscal change, particularly during the long chancellorship of Mr Nigel Lawson. But although parliament has enacted more than 3,500 pages of tax legislation since 1979, Britain's tax system is some way from meeting the three classic objectives of the reformer, which are to promote:

- economic efficiency
- fairness
- administrative practicality.

The Thatcher years, particularly during Mr Nigel Lawson's chancellorship, witnessed a radical reform of corporation tax and a thoroughgoing restructuring of the income tax system. But relatively little was done to alleviate various poverty traps at the bottom end of the income scale; and the taxation of savings in Britain is generally acknowledged to be a mess.

Now, however, the unfinished business of the last decade and the government's political aims may be coinciding.

Mr Andrew Dilnot, the new director of the IFS, believes that if the prime minister is serious in his desire to turn Britain into a society of individuals with opportunities to realise their full potential, his government will have to amend the tax and benefit system. In spite of changes to National Insurance contributions in October 1989, 400,000 low-income families still lose through taxation or the withdrawal of benefits more than 50 per cent of every extra pound earned while 45,000 lose more than 90 per cent of each additional pound earned. The accompanying table shows how the poverty trap operated in early 1989.

Shortly before he joined the Treasury and became subject to the rules of pre-Budget purdah, Mr Robinson offered the observation that there was "no part of the tax system more riddled with inconsistencies than the taxation of savings".

As the 1990s are likely to be a period in which world savings are in short supply, there are clear attractions in developing the existing system of savings incentives to encourage capital to flow efficiently towards financing Britain's future development. At present the tax treatment of savings favours areas such as owner-occupied housing and pensions. The other table, drawn up by Mr John Kay, a professor of economics at the London Business School, gives some idea of the various ways in which savings are taxed, although it takes no account of the special tax-exempt special savings accounts (Tessas) that were introduced at the beginning of this year.

Reforming the tax system is never easy. In introducing his reforming Budget of 1988, Mr Lawson said reform might be "a simple matter for the armchair critic" but it was much more difficult in practice, both for technical and political reasons. "Any tax system, however it arose, creates powerful vested interests in favour of the status quo," he added.

Nor, indeed, should change be too violent. "People have a right to expect a reasonable degree of stability in the framework within which they order their affairs," he said.

Mr Lawson, unlike his colleagues responsible for the poll tax, stuck to these guidelines when crafting his reforms. But his legacy was not a level playing field. On balance, his reforms were geared more to achieving economic efficiency and administrative simplicity than to fairness.

Mr Lawson's reforms of corporation tax, although criticised in recent years for their lack of inflation-proofing, exemplified the first goal. Introduced in stages from 1984 onwards, the corporation tax reforms were aimed at ending the subsidy of unproductive investment through the tax system and encouraged companies to create jobs at a time when unemployment was still rising towards 3m.

The former chancellor's radical reforms of the personal income tax system, culminating in the 1988 Budget, undoubtedly simplified the tax structure. But more especially they benefited the higher-paid. The new tax system, based on just two tax rates of 25 per cent and 40 per cent, dispensed with four higher rates.

But there were elements of fairness in his policies too. The independent taxation of husband and wife, announced in 1988 and implemented last year, was also a significant blow for equality, marking as it did the first substantial change in the taxation of women since 1805.

Mr Lawson was also guided by a desire to reduce or abolish tax breaks where he felt that these were unwarranted. Thus he abolished the tax relief granted on life assurance premiums in 1984 and took successive swipes at perks such as the company car.

Anomalies in the tax system

HOW SAVINGS ARE TAXED

Form of savings	Is income taxed?	Are capital gains taxed?	Is inflation relieved?
Owner occupied housing	no	some	yes
Pension funds	no	no	N/A
Life insurance	yes (varying rates)	yes	some
Company shares	yes	yes	yes
Government securities & corporate bonds	yes	some	no
Bank & building society deposits	yes	no	no

Source: Prof. John Kay, Routes to Fiscal Neutrality, IEA, 1990

THE POVERTY TRAP, January 1989

(Calculations are for a married man with two children aged 10 & 13, rent of £30 a week, and rates of £12 a week)

Gross weekly earnings	50.00	100.00	150.00	200.00
Plus : Child benefit	14.50	14.50	14.50	14.50
Family credit	49.55	24.18	2.48	0.00
Housing benefit	25.07	12.47	4.57	0.00
Less : Income tax	0.00	5.31	17.81	30.31
National Insurance	2.50	7.00	13.50	18.00
Net income	136.62	138.84	140.24	166.19

Source: 'The British Tax System' by John Kay & Mervyn King, 1990

He was unable, however, to overcome Mrs Thatcher's determined support for tax relief on mortgage interest payments, a subsidy to the middle-class voter that will cost the Treasury an estimated £7.8bn in the current financial year. The Thatcher years also saw Mr Lawson piling up privileges such as the Business Expansion Scheme, employee share option schemes and Personal Equity Plans, which could be justified as encouraging enterprise, but from which only the more wealthy members of society benefit.

According to the Child Poverty Action Group, this "fiscal welfare" means that a married couple with a single earner on £40,000 a year can benefit from subsidies to the tune of £127.45 a week through mortgage interest relief, pension incentives and a Personal Equity Plan. The benefits accruing to an unemployed married couple are about the same, at £128.61 a week.

There was a shift of emphasis to more fairness during Mr Major's brief spell as chancellor. His decision to abolish the composite rate tax from this April was motivated by a profound dislike of the way it forced non-taxpayers to pay tax on their savings. He accepted a large increase in Inland Revenue staff as an unavoidable by-product of the reform.

In other ways, Mr Major was prepared to break with the Lawson tradition of tax reform. His decision in the last Budget to turn workplace nurseries into a tax-exempt benefit in kind for working mothers ran counter to all Mr Lawson's efforts to reduce perks in the tax system and marked Mr Major in the eyes of many Treasury officials as a shrewd politician but a poor tax reformer.

Mr Lamont is likely to be much more to the liking of the Treasury's mandarins. Although little known to the general public, Mr Lamont is regarded among the cognoscenti as a man with a keen interest in tax reform. He first went to the Treasury in 1986 as financial secretary, the minister responsible for the Inland Revenue. He worked with Mr Lawson in preparing the budgets of the late 1980s. As a former chief secretary to the Treasury, he has a good insight into the government's spending departments, including the Department of Social Security, which with the Treasury will be responsible for any overhaul of the tax and benefit system.

When it comes to the philosophy of tax reform, Mr Lamont is held to be in favour of tax neutrality, or a system that does not distort the workings of market forces or discriminate against specific groups. Tax neutrality was also an abiding creed of Mr Robinson in his time at the IFS.

Mr Lamont tends to keep his views close to his chest. But Mr Robinson is well known for an open and pragmatic approach to questions of taxation and economic policy. While many analysts were initially dismissive of the government's efforts from 1986 onwards to encourage equity ownership by small investors through the

Mr Lamont is regarded among the cognoscenti as a man with a keen interest in tax reform

Personal Equity Plans, Mr Robinson and his colleagues at the IFS set about devising ways for the scheme to be extended to other forms of saving. In various tracts, he has advocated exempting the returns from savings from taxation.

On the question of the taxation of the lower paid, he and the IFS have long pointed out anomalies in the deductions from pay of those on low incomes. These arise from the interaction of the present systems of income tax and National Insurance contributions and the rules governing income-related benefits. But in all their criticisms of the existing system, Mr Robinson and his former colleagues at the IFS have recognised that there are practical limits to the scope and speed of reform.

Such flexibility is likely to be the hallmark of future reform. At one point in 1984 it appeared that Mr Lawson had embarked on a bold agenda to cut back on fiscal privilege. He moved quickly to terminate the tax relief granted on new life assurance premiums. But this move to level the playing field in one area of savings taxes proved a one off success. When the government sought to extend the technique to other areas such as pensions, it found the relevant interest groups well entrenched and able to counter its plans.

Subsequent changes in savings taxation throughout the 1980s were piecemeal, with a progressive extension of privileges in the case of personal equity plans and the scaling back of other tax reliefs as in the case of the abolition of mortgage interest relief on home improvements and maintainance of the mortgage ceiling for relief at an unchanged £30,000 from 1983.

This process of "levelling-up" and "levelling down" can be expected to be a characteristic of future tax reform irrespective of which government is in power after the election. The lesson of the 1980s was that no single formula could be applied to the complex issues of reforming the British tax system.

OBSERVER

Object lesson

■ If you're reading this after putting in a solid hour of hard work, you are mismanaging yourself. You should have downed tools and taken up the FT 20 minutes ago.

Or so Observer gathers, at least, from management-training specialist Louis Alexander of the InfoSound consultancy.

"We can only operate at peak efficiency in relatively short bursts," he says. "After about 40 minutes our body and brain will take a break and we will start to daydream." So two thirds of the way through every hour, we should stop and spend the rest of it relaxing.

Alexander is giving a seminar on the topic at the Enterprise Training Centre in London's Newington Causeway on Wednesday week. Perhaps his brain was taking a break when he fixed the programme.

Starting at 5pm, the first session runs straight through until 6. Then there's a 15-minute break for refreshments before the final stretch lasting for three quarters of an hour.

Lew's world

■ Overfed, overbred and misunderstood. If that is an unfair description of typical Morgan bankers, the fact remains that they're commonly pictured as handsome, athletic, waspish and replete with Harvard degrees.

Lew Preston, the 64-year-old next president of the World Bank, seems to fit the image nicely. Harvard graduate and ex-marine, he comes from a wealthy Westchester family, and wife Patsy is a granddaughter of newspaper publisher, Joseph Pulitzer.

Preston retired from J.P. Morgan last month after almost 40 years. And though he has never courted publicity like some of his industry peers, he gives the impression of being a traditional white-shoe banker from the US East coast.

While the young Preston was initially regarded by his bosses as a "playboy, socialite and jock" – according to Ron Chernow's excellent book, House of Morgan – the image soon changed.

Citicorp's Walter Wriston always had a much higher profile, But then, as Preston once said in a rare interview. Wriston was "running a financial conglomerate and we're running a bank".

Preston is very much the bankers' banker – the man Federal Reserve chairman Paul Volcker could rely on to organise the lifeboat for Continental Illinois, and pioneer the first Mexican debt swap.

But it would be wrong to regard his appointment as a dull and conventional choice. In 10 years at the top of Morgan, Preston masterminded a cultural revolution.

Not only did he transform Morgan from a old line commercial bank into a global merchant bank but he was the man who picked out young Dennis Weatherstone, the working-class London lad who started with the old Guaranty Trust at age 15. Weatherstone now heads the most famous bank in the US and two of Morgan's other four top men were born foreigners.

Tube dream

■ Bed of nails, poisoned chalice...? Choose your own metaphor for John Hughes's new position as finance director at London Underground.

The last incumbent left abruptly in October after news that an unexpected budget shortfall had plunged the Underground into a cash crisis. The cause was apparently over-enthusiastic spending – not that the average tube-train sufferer saw much benefit.

Now Hughes has the job of screwing still more costs out of the cash-starved railway to bring the budget back into line. So what led him to end his brief stay at the Pru for the privilege?

Although working there was valuable experience, he says, his roots lay in industry and his 12 years at British Aerospace. "I've gone from the extra-terrestrial to the sub-terrestrial."

He adds that his prime task now is to restore confidence in the Underground's control over its funds, and so persuade the government to invest more in the network.

His dream is that, one day, he'll be able to point to an efficient, popular and greatly expanded system and say: "I was part of the organisation that developed that system."

One day.

"He's like John Major but without the charisma."

Censored

■ What's in a name? Too much, in the Istanbul police's view. They have ordered Turkish historian Ilber Ortayli to change the title of Kostantiniye – a local-history newsheet – because the name smacks of the Byzantine Empire, modern Turkey's hated Greek predecessor.

No heed was taken of Ortayli's rejoinder that the word (Arabic for Constantinople) was Istanbul's official name in Ottoman times, and used on coins well into this century.

So survival looks unlikely for a recently launched Turkish environmentalist magazine. It's called Green Byzantium.

New venture

■ How the venture-capital industry has changed. Take for instance the move being made by Rodney Hall. Three years after setting up the British arm of GE Capital Corporate Finance – the financial services operation of America's General Electric – he is moving to J.O. Hambro & Partners.

At GE, Hall headed its UK mezzanine finance activities. In the hey-day of buy-outs in 1988-89 mezzanine finance - a half-way house between loan and equity funding - was needed to make big deals possible. As that's no longer so now big buy-outs have lost vogue, GE is turning to providing loan finance.

At Hambro, Hall expects to be investing in smaller deals, management buy-outs and restructurings, where the venture capitalist's industrial expertise is in demand rather than the financial engineering skills of the mezzanine expert.

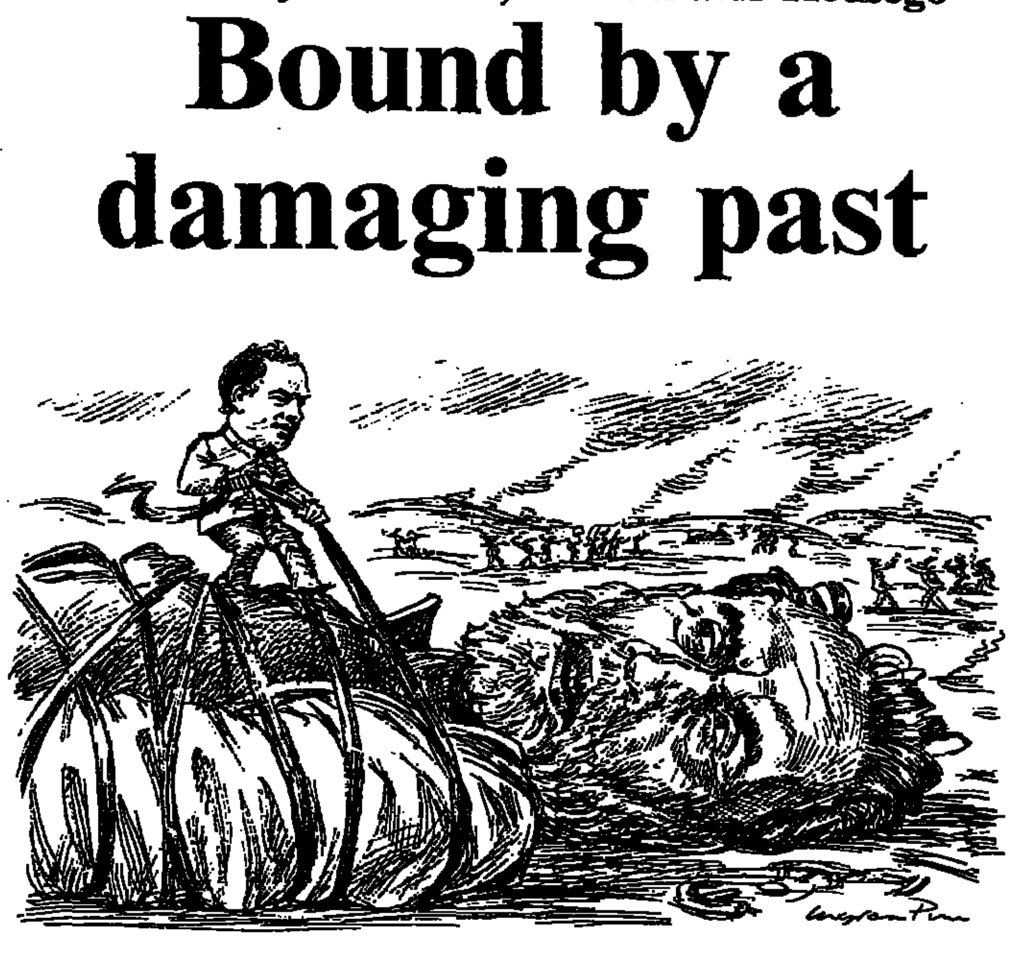
Own back

■ As a woman reversed her towbar-equipped Volvo gingerly towards the one vacant parking space, a young man whizzed his GTi straight into the opening, got out, and as he stalked past her window, smirked: "That's what you can do when you're a good driver."

Whereupon she accelerated backwards hard into his car, and replied: "That's what you can do when you have money."

After the fall of India's shortest-lived government, electors face going to the polls at a time of more uncertainty than ever, writes **David Housego**

Bound by a damaging past



When Mr Chandra Shekhar became Indian prime minister at the head of a minority coalition last November, few political observers believed he would last long. But nobody could have predicted that his term would end so abruptly and in such inauspicious circumstances as it has.

His resignation on Wednesday – precipitated by a row as trivial as it was acrimonious, involving the former prime minister, Mr Rajiv Gandhi – earned his government dubious distinction as the shortest-lived since Indian independence. It also leaves Indians, who have seen the back of three prime ministers in less than 18 months, wearily contemplating another trip to the polls in the next few weeks.

Never since 1948 can the Indian people have embarked on a general election campaign in a state of greater uncertainty as to where their country is heading, or the type of government that will emerge. The gloomy backdrop encompasses:

- Rivalry of a bitterness rarely surpassed between India's Hindu majority and Moslem minority;
- Unprecedented conflict over the country's caste system;
- The growth of militant separatist movements in at least three of its 25 states;
- A severe economic crisis, featuring rising inflation, spiralling public spending and a worsening balance of payments.

Worse still, the election campaign may simply serve to exacerbate the polarisation that has been evident for some time within India's political system, and which has contributed to its recent history of weak and indecisive governments.

Some Indians find comfort in the thought that at least over the last four months there has not been a repetition of the widespread caste and Hindu-Moslem rioting that rocked the country last year. But if there has been a truce there are also now fears that the beginning of the campaign could unleash the hatred again.

There is little confidence that India's secular tradition – by which Hindus and Moslems have lived together on a common footing – will survive the continued growth in Hindu militancy or the possibility of the radical Hindu Bharatiya Janata party (BJP) being an important participant in future governments. The BJP is the party expected to make the most gains in the election.

The BJP is deliberately vague about its goals. But Moslems understandably fear that its advocacy of Hindutva (Hindu national awakening) could be the prelude to a theocratic state in which Moslems are given secondary status.

The most alarming aspect of the BJP's advance has been the ease with which it has seduced India's business and professional classes. The Hindu temple that the BJP wants to construct at Ayodhya in northern India on a site highly controversial with Moslems has become a widely-accepted symbol of Hindu unity and national revival.

Another phantom from the past that has returned to haunt north India is caste conflict. The founding fathers of Indian independence believed that caste – the hierarchical division of society that imposes a religious stigma on the lower castes as polluted – would disappear under the impact of modernisation.

But in many areas caste divisions have become more embedded because caste associations are both a form of protection in a more mobile and violent society and a way for social groups to grab a larger share of resources.

The proposal last year of former Prime Minister V.P. Singh to expand the proportion of central government jobs reserved for lower castes to 49.5 per cent touched off an explosion of anger among the upper castes – but brought him support from the poor. Since the fall of his government in November, Mr Singh has been drawing large crowds in the north to whom he has been preaching the need for solidarity among the poor and Moslems against the higher castes.

Meanwhile, the unity of the Indian federation has come under strain from separatist movements in the states of *Punjab, Kashmir, and Assam.* Large areas of Kashmir and Punjab are under the control of the militants at night. The failure to solve these disputes is part of a wider problem of the failure of central government to yield more power to the regions at a time when it is recognised that India is too vast a country to be administered from New Delhi.

The strength of central government in India has been ebbing away for some time. It was undermined during the final years of Mr Rajiv Gandhi's 1984-89 premiership, when he faced numerous charges over illegal commissions paid to Bofors, the Swedish arms manufacturer, and other companies. His fall in 1989 was followed by Mr Singh's coalition government, a period of weak leadership that was terminated last November when the BJP withdrew its support. In recent weeks, Mr Shekhar's government has in turn been undermined by the machinations of Mr Gandhi, who was anxious that the prime minister was proving an unexpected success.

Weak government has meant that government spending, the balance of payments and inflation have slipped out of control. It is increasingly accepted that India should have sought a loan from the International Monetary Fund at least 15 months ago. Now, with its foreign exchange reserves depleted and its Budget postponed, it needs IMF help more desperately.

Some Indians such as Mr Nani Palkhiwala, the lawyer and former ambassador to Washington, blame the current troubles on "self seeking politicians hungry as locusts for power and office". But more plausibly the current instability reflects long-term trends of caste, sectarian and ethnic conflict, exacerbated by the pressure of population on resources.

The hope of the Congress party is that the mood of national disillusion will work in its favour as the electorate shifts back to it as the party of "stability" and "strong government". Congress remains the only centrist party offering a home to people of all castes and religions. It is also the single largest party, capturing over a third of the vote in 1989. As such it traditionally benefits in an election if its opponents are divided.

But the Congress party is also demoralised by its own divisions, its weak organisation, and what is perceived to be the poor leadership of Mr Rajiv Gandhi.

The danger for the Congress is that it could be squeezed by the two "conviction" parties that have emerged on its right and left.

The BJP has in its favour the country's most charismatic leader, Mr L.K. Advani. It is a "cadre" based party that now receives large financial backing from business and derives its basic support from the upper and trading castes.

In contrast, Mr V.P. Singh is building an electoral alliance that brings together his own northern-based Janata Dal party, the Communist and leftist parties, and the Moslems – a grouping designed to appeal to the poor and lower castes with the aim of wrenching from the upper castes their dominance of the administration, and hence of economic power.

The election seems unlikely to give any single party an absolute majority – meaning that Congress, the BJP and the Janata Dal will be competing to be the pivot of a new coalition.

At the earliest, India could have a new government by early May. Almost certainly the most pressing task on its *plate will be the economy.* With the IMF, donor nations and commercial banks unwilling to lend to India until both a government and a Budget emerge, the prospect of India being forced to seek a rescheduling of its foreign debt looms increasingly large. Whether any new government will be in a position to stop the more fundamental rot is another matter.

US establishment types who go native

Peter Riddell on the appointment of Lewis Preston as president of the World Bank

The US has a record of appointing conventional politicians and bankers to head the World Bank, who then fervently champion both the institution and the need to tackle global poverty. Mr Robert McNamara, the former defence secretary, was transformed 20 years ago into a spokesman for the Third World when he headed the bank, and it has been the same with Mr Barber Conable who will step down later this year after five years as its president.

The big question is how far they are captured not just by the bank's mission but also by its large bureaucracy. It is a question that will be as relevant in relation to Mr Lewis Preston, the leading Wall Street banker President George Bush has selected as the new bank president, as it has been for his politician predecessor.

On the surface Mr Conable still appears the glad-handing, upstate New York Republican congressman he was for 20 years. Yet he has become firmly committed to the bank's aims, stressing the need to combat poverty and to pay more attention to the problems of women in the Third World. He has frequently talked of the relationship between women's problems and the bank's traditional concerns of population control and education.

Mr Conable has faced two main lines of criticism – that, for all his caring image, he never really got a grip on the institution, and that he pushed it too much in the direction of American interests.

He took over in 1986 following a period when relations between the bank under Mr A.W. "Tom" Clausen and the Reagan administration in its most ideological phase had been strained. Mr Conable has succeeded in improving relations both with the administra*tion and Capitol Hill.* This matters because the US is the bank's largest shareholder and obtaining congressional approval for World Bank funding is also tricky. Mr Conable managed to win backing for a near doubling of the capital of the bank's main agency.

Moreover, in the mid-1980s there was widespread criticism that the bank had become a

Lewis Preston: from 'old money' background

vast and unwieldy bureaucracy. Mr Conable launched a controversial reorganisation during which the position of many senior officials was reassessed and more than 500 people, of over 7,000, were fired. The effect was to lower morale and to increase dissension. There is still no shortage of internal and external critics to argue that the bank lacks direction and, in particular, that there is no real accountability for decisions.

The bank has also faced strong criticism from environmental groups that some of its traditional development projects are damaging the environment of developing countries. Under Mr Conable it has laid greater stress on and devoted more resources to environmental issues.

Mr Conable has been accused of being too close to US policies. Asians and Africans point out that he has helped steer the bank towards free-market policies and the Third World debt relief strategies pursued by successive US Treasury secretaries. India is not alone in arguing that the large bank commitment to the *debt reduction plan of Mr* Nicholas Brady, the Treasury secretary, fulfils the US foreign policy aims of producing a politically and economically stable Latin America, particularly Mexico.

Under Mr Conable the bank has also been at the forefront in assisting the reconstruction of eastern and central European economies, committing $9bn over three years, a priority of the Bush administration.

However, Mr Conable has more recently sought to emphasise the bank's independence from the US. Last year, for example, he pushed for a resumption of full lending to China, following the temporary suspension after the Tiananmen Square massacre, well before that was politically acceptable to the Bush administration or to Congress. Similarly, he has had a number of disputes with the US Treasury over the handling of Brazil's debt problems.

Mr Conable only decided to step down – he was certain of being reappointed – after he was sure that his successor was someone of whom he approved. Traditionally the US nominates the president of the World Bank, just as a European has always been managing director of the IMF.

Mr Bush's new appointee is entirely in character: Mr Lewis Preston is the former head of J.P. Morgan, one of the US's largest and strongest banks and one that is relatively untainted by the general problems of the banking sector. Not only is he, like Mr Conable, an old friend of Mr Bush, but he also comes from the type of mainstream "old money" background which the president prefers. There is a close parallel with Treasury secretary Brady who came from the Wall Street firm of Dillon Read.

An ex-marine, Mr Preston is a registered Republican, an Episcopalian and a director of the Federal Reserve Bank of New York. His sole deviation from the Yale educated group favoured by Mr Bush is that he went to Harvard.

As head of Morgan throughout the 1980s, Mr Preston expanded the bank's range of operations following his earlier period in charge of its international divisions. He *has* considerable experience of the Middle East, Asia and Latin America, dealing, in particular, with Third World debt issues.

Mr Preston's inheritance will be a financially strong bank, which, for all its continuing internal weaknesses, Mr Conable has helped to lead into a wider spread of countries and of lending activities.

LETTERS

Make money the old-fashioned way — by earning it

From Mr John Banham.

Sir, Your Leader (Still time to act on pay, March 4) was redolent of the long-gone corporate state era and it found little support at the meeting of the Confederation of British Industry's national council on Wednesday. You state that the CBI is in the business of offering "tired general exhortations about pay". For at least the past four years the CBI has avoided *any* exhortations about pay.

There can be only one basis for wage settlements – performance, in the widest sense of the term. Plagiarising the old Barnum and Bailey advertisement: "We have to make our money the old-fashioned way: we must earn it."

UK entry into the ERM blocks the route of devaluing the currency to meet wage bills that cannot be justified by performance, a fact made totally clear in presentations to our members last autumn.

Of course, the attitudes of decades are taking time to change; and matching French performance – when wage inflation fell from 15 per cent to 3.5 per cent in four years in the mid-1980s – will require consistent efforts by all concerned, including the government. In France, there would have been no question of "administered prices" rising three times as fast as factory gate prices.

Nonetheless, the CBI's latest Pay Databank figure shows the largest quarter on quarter fall in manufacturing pay settlements in four years; and in addition more than one wage settlement in 10 is being deferred. Further, anecdotal evidence of a more realistic approach to pay, based on performance, is widespread.

So any attempt to index pay ignores the obvious reality that the performance of individuals and companies varies widely. That is why, throughout the 1980s, many CBI members have decentralised pay bargaining and sought to link pay more closely to performance. That is why, too, we have avoided exhortations about pay – it makes no sense to talk about pay in isolation from performance, the long-standing practice of the British media notwithstanding.

Ironically, your message about synchronising pay settlement dates and focusing on future levels of price inflation might well be relevant in those parts of the economy where national wage bargaining remains and performance is largely ignored in determining pay: the public services, which together employ almost as many people as the manufacturing sector.

We first put forward the many ideas you advocate so enthusiastically, but in relation to the public services only, over six months ago, in our report entitled Britain's Inflation Performance. It is good to see you arriving at the party even if a little late and through the wrong door.

John Banham,
director general,
Confederation of British Industry,
Centre Point,
103 New Oxford Street, WC1

Business involvement in research

From Messrs Michael Osbaldeston and Michael Goold.

Sir, Simon Holberton's article "Unanswered ethical questions" (Lombard, February 28) raised some important issues concerning the relationships between management researchers, the companies they research and the sponsors of research.

Mr Holberton argues that it is wrong for researchers to receive financial support from companies that are the subject of the research. His fear is that the companies might seek to bias the results. However, few reputable companies and even fewer serious researchers would risk the damage to their reputations that would inevitably follow from such practice.

There is a more serious issue behind Mr Holberton's concerns: how far should companies that participate in research be allowed to veto publication of findings they regard as confidential or damaging to the company?

The purist view, espoused by some academics, is that researchers must be able to publish whatever they feel is appropriate. Such a view is naive, at least for in-depth research into companies' strategies and decision-making processes.

For obvious reasons, companies are seldom willing to co-operate openly with such research if they have no control over the output; and without open co-operation rich and insightful descriptive research is impossible.

We have found that in order to elicit that co-operation, it is normally necessary to give companies the opportunity to see publications in draft, and to allow them to remove items they believe are confidential or to request anonymity on matters they see as invidious.

Companies very seldom exercise these rights, provided the research has been professionally carried out. But, unless such assurances are given, companies will typically refuse to participate openly in research on potentially sensitive issues, and management researchers will be forced back on relying only on unidentified case studies or on simplistic analyses of questionnaires and publicly-available statistics. Researchers need to be aware of the dangers implicit in a close relationship with research sites, but without such a relationship, their research will be severely limited.

At the Ashridge Strategic Management Centre we believe our research benefits from the discipline of having to persuade sponsoring companies such as ICI and Shell that what we are doing is valuable.

Michael Osbaldeston,
chief executive,
Ashridge,
Michael Goold,
director,
Ashridge Strategic Management Centre,
17 Portland Place, W1

Corporation tax and the Budget

From Mr Peter Morgan.

Sir, In your Leader "A Budget for Companies," (March 7) you rightly drew attention to the process by which inflation increases the effective burden of corporation tax in the absence of any adjustment for inflation in the computation of taxable profits. The chancellor ought to offset this in the Budget. In view of the recession he should aim to make a real reduction in the corporation tax burden. The question is how?

You suggest the government should partially reverse the 1984 reforms, albeit temporarily. But that would simultaneously destroy the credibility of the government's objectives of eliminating inflation, of reducing income tax rates and of moving to a simpler, less distorting taxation system.

If income tax rates come down in the near future, corporation tax rates should come down in parallel. Reducing the latter now would enable the government to deal with the immediate problem and make a start towards its longer term tax objectives.

Stock relief or indexed or accelerated capital allowances would be difficult to remove once introduced. They would institutionalise inflation while only imperfectly correcting the distortions it creates, besides being an extra complication.

In any event, while it is true that the tax system appears to encourage investment in advertising, marketing and training relative to investment in plant and equipment, there are other more powerful factors working in the reverse direction.

For prudential reasons investment in advertising, marketing and training is immediately written off in the company's statutory accounts (and also usually in the management accounts); cutting such investment is thus the quickest way to achieve an apparent improvement in the company's or a manager's performance.

Such investment, moreover, is not acceptable security for the company's bankers. Look at the facts: since the 1984 reforms there has been heavier than ever investment by British business in new equipment while woefully inadequate investment in training has continued.

So, keep it simple, chancellor. Just cut the tax rates, especially the anomalous 37.5 per cent rate on profits between £200,000 and £1m and allow the losses in recession years to be carried back and offset against the profits in boom years.

Peter Morgan,
director general,
Institute of Directors,
116 Pall Mall, SW1

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not handwritten. Please set the fax machine for fine resolution.

FINANCIAL TIMES
Friday March 8 1991

Growing social and political instability faces Tirana following decision in Rome

Italians will send home 12,000 Albanians

By Judy Dempsey, East European Correspondent, in London

ALBANIA faces growing social and political instability following yesterday's decision by the Italian government to send home about 12,000 Albanians who hijacked ships to escape to the west.

Panic broke out in the southern Italian port of Brindisi as hundreds of the starving Albanians, who had been at sea for three days, grabbed food from frightened relief workers.

Mr Toninio Bettanini, an Italian government spokesman, said there were already 7,000 Albanians in ships, or at the docks in Brindisi, and 5,000 more in boats waiting to dock.

After an emergency session of the Italian cabinet in Rome, Mr Claudio Martelli, deputy prime minister, said: "Apart from more than 3,000 who have already arrived, our position is that, except for any political refugees, they should all be sent back to Albania."

The prospect of thousands being forcibly returned to Albania is likely to fuel unrest inside the country because it will deprive the authorities of a safety valve to dilute growing discontent.

The country's first free elections, scheduled for March 31, could be postponed if instability continues.

There are also fears that the unrest will spill across into neighbouring Yugoslavia.

Albania's council of ministers, or cabinet, which is under the direct control of President Ramiz Alia, head of the ruling (communist) Party of Labour (APL), met in emergency session earlier this week.

The council accused "internal and external enemies of our country of exploiting the economic difficulties through which we are passing."

The Yugoslav authorities have told Albanian they are prepared to take in the country's Serb and Montenegrin minorities.

Jump to freedom: Albanian refugees arriving at the southern Italian port of Brindisi yesterday

The Albanians started escaping to Italy more than a week ago in the second mass flight in 10 months.

Last June, 5,000 were allowed to leave after they stormed western embassies in Tirana, the capital.

Many are still in refugee centres in western Europe, awaiting resettlement in other countries. But this grim future has not deterred many from leaving.

Mr Alia tried to reassure Mr Guido de Marco, chairman of the UN General Assembly, who visited Tirana earlier this week, that reforms would continue.

"Democratisation is now irrevocable. Democracy has become a way of life for the entire people," he told Mr de Marco.

He added that Albania now had a free press, freedom of worship, and citizens had freedom to travel abroad.

But those who arrived in Italy and Yugoslavia spoke of a climate of fear. A wave of nationwide anti-government demonstrations last month provided the embattled hardliners in the army and APL with an excuse to clamp down after students and workers had toppled statues of the late dictator Enver Hoxha.

Since the dictator died in 1985, Mr Alia, his chosen successor, has embarked on a cautious path of economic and political reform. But political and tribal reasons have prevented him from breaking with the Hoxha legacy.

The APL owes its entire legitimacy to Hoxha. If Hoxha was "demythologised", the APL would be devoid of any historical inheritance.

Despite some four decades of uncompromising Marxist-Leninist ideology, tribal loyalties persist.

Continuing political and social unrest could unleash these traditional tensions, undermine Albania's attempts at democratisation and lead to bloodshed.

France told to justify car imports policy

By Andrew Hill in Brussels

THE European Commission has asked France to justify part of its policy on Japanese car imports, opening the first stage in a formal process which could end in legal action against the French government.

The Commission has picked on a comparatively small feature of French policy – alleged restrictions on the import and registration of privately owned Japanese cars – as "a symbolic act", according to one official. "This might be the starting point for other cases. It shows we're prepared to take action," he said yesterday.

An exasperated Mr Martin Bangemann, EC commissioner responsible for industrial affairs, said last month he was "at the end of his efforts" on the Japanese car issue.

But the Commission is likely to wait before taking further formal action because officials believe plans agreed by the European car industry's new lobby group two days ago could end the stalemate between bureaucrats and carmakers.

According to one official, the lobby group's proposals, not yet unveiled, seem to be moving "in the same direction" as Mr Bangemann's. The chances of a breakthrough had already been enhanced by the decision of Mr Jacques Calvet, the hardline chairman of Peugeot, to distance the French car manufacturer from the new lobby group.

The Commission is searching for a compromise EC policy on Japanese car imports before the introduction of the single market at the end of 1992, and is proposing a six-year transition period.

Bangemann: exasperated

During that time the Commission estimates that Japan's EC market share might grow from about 10 per cent to 19 or 20 per cent. Mr Calvet, who is calling for a summit meeting of EC governments to decide on the policy, wants a 20-year freeze on the import of Japanese cars to the EC.

France, which has yet to reply to the Commission's formal request for information, has set an import quota of just 3 per cent.

The Commission's letter is the first step in a three-stage procedure activated if the Commission considers a member state has not fulfilled a treaty obligation.

The next stage would be a "reasoned opinion" on the subject, setting a deadline for compliance, with the threat of legal action if the deadline is broken.

Major may be forced to impose poll tax decision

By Philip Stephens in London

MR JOHN MAJOR, the British prime minister, may have to impose a decision on the replacement for the poll tax – the controversial local government charge – amid signs of continuing disarray in the senior ranks of the Conservative government.

The latest disagreement involves a battle in Whitehall over Mr Michael Heseltine's plan for a new-style property tax between his Department of the Environment and the Treasury.

The prime minister has said it may be impossible for the cabinet to reach a consensus on the issue. He has told aides that in those circumstances he would take the decision personally.

The slump in Conservative support in the Ribble Valley by-election yesterday underlined again the urgency of the government's review, although Mr Major is still insisting he is more concerned "to get it right later rather than earlier".

The heated arguments over the future of local government finance this week persuaded some middle-ranking ministers to tell Mr Heseltine that he should reconsider keeping the poll tax. But the majority in the cabinet still believe it would be electorally suicidal to maintain the present system.

Mr Heseltine wants a tax linked to the size rather than the capital or rateable values of individual properties but it has run into fierce Treasury opposition. It envisages a series of payment bands based roughly on the size of each property. At present he is suggesting five steps with the lowest levied on an "small flat" and the highest on a "country mansion".

His case is that what he has dubbed an "intelligent" property tax would not provoke such strong opposition from the significant numbers of Tory voters who might be alienated by a return to the rates. The strategy, however, envisages the injection of billions of pounds in additional central government grant to the local authorities to limit the number of losers.

Court ruling threatens Greek share sales

By David Gardner in Brussels

GREECE'S plans to privatise some 30 companies came to a halt yesterday when an Athens court deferred to the European Court of Justice, which is expected to find this month that the way in which the state originally took over one of them was illegal.

The Greek court's posture means that the future of all these companies, taken over by the previous, Socialist government of Mr Andreas Papandreou, is in doubt.

Sale of the companies was already problematic because the European Commission is expected shortly to seek the repayment from some of them of substantial state aid. Moreover, one mooted solution to the impasse, of offering government guarantees to purchasers, would almost certainly be found under EC rules also to constitute illegal state aid.

The companies at issue were taken over indirectly between 1983 and 1986, when the government obliged them to turn their heavy debts with state banks into capital, in exchange for the loans being written off. They were then kept afloat through aid estimated to average some $770m a year.

The Advocate General of the European Court in Luxembourg at the end of January issued an opinion that in the case of Karelias, a textiles company, the issuing of the shares to the state banks contravened EC company law because the shareholders were not consulted.

The European Court's judgment is likely to follow this opinion.

The Athens court which yesterday took this likelihood on board was examining similar alleged infringements in the case of seven companies, including Heracles General Cement, the leading cement producer and one of about a dozen of the candidates for privatisation seen as going concerns.

Heracles faces having to repay some $190m it received from the Greek government, if the Commission, as expected, rules that this was illegal. But this raises another difficult question of law, since such a ruling would appear to condone the original forced sale of Heracles shares.

The prospect now, according to lawyers familiar with the cases, is that nearly all the shares put up for sale will be invalid.

As well as threatening the companies concerned with bankruptcy, this will leave a hole in the accounts of the cash-strapped Greek government, which had banked on privatisation receipts of about $300m in this year's budget.

Germany faces deficit

Continued from Page 1

Compared with January last year, imports rose 24 per cent while exports fell 2.1 per cent.

● Reuter reports from Berlin: Germany's Treuhand privatisation agency said yesterday it would soon sign deals with more than 50 international banks and management consultancies to sell hundreds of former communist companies in east Germany.

The Treuhand has already sold nearly 1,000 of more than 8,000 state-owned firms.

But finding buyers for the rest is proving a harder task and has forced the agency to call in British, US and French advisers who are skilled in privatisation. "Each bank will be offered a package of an average 10 companies," said Mr Hubert Rohn, a Treuhand official.

Mr Rohn said each bank would get a range of companies, from the more modern to some of the more inefficient. The banks would be paid a daily allowance to cover costs and a success fee for making a sale.

The Treuhand aims to raise DM14bn this year from company sales, though the cost of company closures and bailouts could be DM28bn.

Call for defence policy

Continued from Page 1

Potential EC members such as neutral Austria and Sweden will see Mr Delors' proposals as raising the political price of their entry.

Mr Delors admitted he would not hide the unease that his plans had caused in the US. But "it is in the interest of the alliance that the Europeans should speak with one voice", he said.

The Bush administration has backed a security role for the EC in stronger terms than any US administration since the 1960s. But recently US officials have indicated they would not want the 11 EC states that belong to Nato to act like a European caucus inside the Western alliance.

Mr Delors has wanted to introduce defence into the EC since he became Commission president in 1985. But his call in 1986 for a special EC summit on security – to discuss Europe's place between the two superpowers – fell flat, with none of the EC leaders responding. He apparently calculates that the time is ripe to bring Europe back to where it was in the early 1950s when a European Defence Community was proposed.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	C	23	73
Algiers	F	25	77
Amsterdam	F	16	61
Athens	S	18	64
Bahrain	–	–	–
Bangkok	–	–	–
Barcelona	C	13	55
Beirut	–	–	–
Belfast	R	7	45
Belgrade	S	14	57
Berlin	S	9	48
Biarritz	R	11	52
Bombay	S	29	84
Bordeaux	C	17	63
Boulogne	F	15	59
Brussels	F	15	59
Budapest	C	4	39
Buenos Aires	F	30	86
Cairo	S	19	66
Cape Town	S	26	79
Caracas	C	34	93
Casablanca	C	13	55
Chicago	S	-6	21
Cologne	C	12	54
Copenhagen	F	4	39
Corfu	F	15	59
Dallas	F	9	48
Dublin	R	7	45
Dubrovnik	C	15	59
Edinburgh	Dr	5	41
Faro	R	11	52
Florence	F	17	63
Frankfurt	F	11	52
Geneva	C	13	55
Gibraltar	R	14	57
Glasgow	Dr	7	45
Helsinki	F	1	34
Hong Kong	C	23	73
Innsbruck	F	16	61
Inverness	Dr	5	41
Islamabad	C	21	70
Istanbul	C	6	43
Jakarta	C	32	90
Jersey	S	13	55
Johannesburg	C	22	72
Lima	F	26	79
Lisbon	H	11	52
London	C	13	55
Los Angeles	S	11	52
Luxembourg	C	13	55
Madeira	F	17	63
Madrid	F	10	50
Majorca	C	19	66
Malaga	R	13	55
Malta	S	19	66
Manchester	R	10	50
Manila	F	33	91
Melbourne	S	40	104
Mexico City	F	30	86
Miami	S	18	64
Milan	C	9	48
Montreal	C	5	41
Moscow	S	-2	28
Munich	S	11	52
Nairobi	–	–	–
Naples	C	20	68
Nassau	F	26	79
New Delhi	S	23	73
New York	F	12	54
Nice	R	15	59
Nicosia	S	17	63
Oporto	C	9	48
Oslo	Sn	1	34
Paris	S	16	61
Peking	C	1	34
Prague	C	6	43
Reykjavik	S	1	34
Rhodes	S	17	63
Rio de Janeiro	C	39	102
Rome	S	20	68
Salzburg	S	14	57
San Francisco	S	7	45
Seoul	C	7	45
Singapore	F	32	90
Stockholm	C	2	36
Strasbourg	F	12	54
Sydney	S	27	81
Taipei	C	28	82
Tangier	R	11	52
Tel Aviv	C	15	59
Tenerife	Dr	17	63
Tokyo	F	16	61
Toronto	C	-2	28
Tunis	C	20	68
Valencia	R	16	61
Venice	C	12	54
Vienna	Dr	4	39
Warsaw	S	4	39
Washington	S	8	46
Zurich	C	15	59

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

Rolls-Royce hits an air pocket

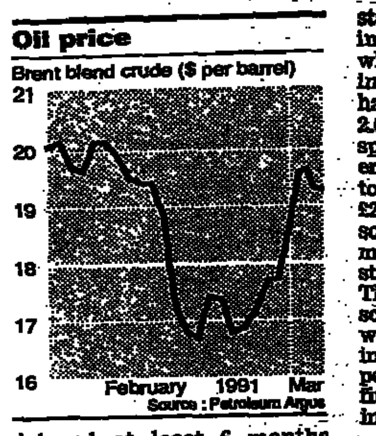
The recent behaviour of Rolls-Royce shares is a classic study in market perceptions. Up goes the price when investors focus on the group's long-term promise. Down it bumps again on news of short-term reality. Yesterday's 10 per cent drop in the price, though, was rough by any standards, even if the 24 per cent fall in pre-tax profits after exceptionals was well below expectations.

There is little doubt that 1991 is going to be another hard year. Rolls refuses to break down last year's £50m exceptional provision, though the assumption is that it covers civil aircraft order deferrals and job cuts. In the present climate for airlines one can only wonder whether that will be enough. It is also to be hoped that it does not reflect worries about recovering costs for certifying the Trent engine.

As for currency risk, Rolls was well covered against the dollar last year and by all accounts emerged with a small profit. This time it has opted to be more exposed, which could cost upwards of £50m if exchange rates move the wrong way. A final imponderable is research and development expenditure, which rose with unexpected sharpness in the second half of last year. The company promises that the full year total of £237m is the peak, but the charge is still likely to exceed £200m in 1991.

It is quite possible, though, that the gloom is again being overdone. Part of the long-term attraction lies in the high R&D budget, which over the past five years has equalled pre-tax profits. The lucrative spares business could have recovered by the end of the year and the currency risk will diminish if the dollar firms. The possible American Airlines or All Nippon orders could be just the spur for another change in market thinking.

Oil price



The markets may have ignored the fact, but the oil price has crept up to around $20 a barrel in advance of next week's Opec meeting. A month ago producers faced a gloomy outlook on the assumption that any likely outcome to the Gulf war would be followed by a collapse in crude prices. Iraq changed that single-handedly, first by ensuring that Kuwaiti production and refining capacity would be slow to return and then, it seems, by allowing its Saudi pipeline to rust so badly that its own flow will be delayed at least 6 months beyond any restoration of normality.

That gives Opec an early opportunity to reach an accord on quotas and bring production back into line with demand. If it can agree to cut production to 21.5m barrels per day through the second quarter, the main producers know they can both sell their large floating inventory and keep the price stable at just below $20. So the price rise of the last few days assumes that the huge political obstacles to an immediate agreement will be overcome in a fit of consensus about the main objectives. The Saudi desire to produce on behalf of Kuwait is the key to the politics.

Amid the uncertainty, oil sector shares have trailed in the wake of the recent market rally. Given that they were discounting $15 a barrel, their underperformance may prove transient.

Ladbroke

With luck, this year should see the low point of Ladbroke's fortunes in the current cycle. Last year's 1 per cent rise in pre-tax profits disguised an 8 per cent fall in the second half. The same rate of fall looks probable for the whole of this year, given that the first two months have been written off as unprofitable because of the Gulf effect on Hilton. But the rest of the group looks surprisingly robust. It is perhaps disappointing that profits from betting, the supposed classic recessionary standby, should be no better than level. It is much better news that profits from DIY retailing were unchanged and that property profits were 26 per cent ahead.

Property is, perhaps, the one area of concern in the year ahead. The group's indebtedness remains formidable. Gearing, though slightly down, stands at 85 per cent excluding intangibles. Cover on the whole interest charge, including capitalised interest, has halved in the past two years to 2.6 times. Against this, capital spending – much of it property related – halved last year to £450m and will fall to under £200m this year. But without some upturn in the property market this year, there could still be pressure on cash flow. This would in turn limit the scope for a dividend increase, which will doubtless be modest in any case given the mere 5 per cent increase in last year's final after 13 per cent at the interim.

On the other hand, yesterday's price of 265p puts the shares on only 11 times prospective earnings. With Ladbroke's lately-acquired image as a quality stock, this might not be too expensive on a longer view.

Ultramar

It would be charitable to say that last year for Ultramar was one of consolidation. While the historic cost results were slightly better than expected, analysts translating the figures to replacement cost discovered that during the fourth quarter the company as a whole did no more than break even despite a strong upstream performance. Hence the 3 per cent fall in the shares.

The reaction takes little account of the fact that the squeeze on refining margins, which ruined the fourth quarter should have gone into reverse already, with Ultramar largely able to maintain prices as its costs come down. The problem is that there is no convincing valuation argument for the shares. At 340p they are scarcely cheap, given a prospective yield of around 4 per cent, less than BP or Shell and considerably less than the market.

Debt/equity

The fashion for debt-to-equity conversion by UK banks is not quite established, it seems. Lloyds went in for it last month by participating in the rescue of London and Metropolitan. Yesterday it rejected the idea in the case of Ferrari Holdings and Tern and let the receiver in. The banks involved in the WPP rescue meanwhile seem to have hit on a method of having it both ways. They put in straight debt, but their fee is related to the subsequent share price performance.

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INSIDE

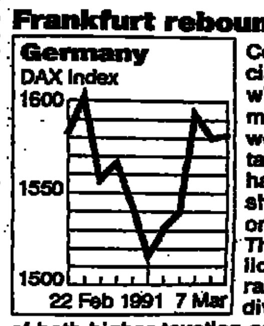
TI Group turns in more than £128m

Pre-tax profits of TI Group came in yesterday at the high end of analysts' expectations. Christopher Lewington, chairman (left), said the £128.4m ($242.6m) result showed the success of the group's five-year restructuring. Since 1986 it has spent about £300m on transforming itself from a dull producer of bicycles, engineering products and domestic appliances into an international manufacturer of mechanical seals, small tubes and other specialist engineering products. Page 26

Kingfisher executives to go

Kingfisher, the UK retail group, is losing two executive directors as part of a management streamlining. Geoff Powell, chairman of the B&Q and Comet subsidiaries, and Vic Steel, chairman of the Woolworths and Superdrug chains, have agreed to leave "on the friendliest of terms" within a few weeks. The two men had provided executive cover as relatively new managing directors gained experience. The move is seen as a bid to shorten internal lines of communication. Page 27

Frankfurt rebounds on rally



Concern over the financial burden of unification with east Germany, manifested in last week's special 12-month tax package from Bonn, has been temporarily shunted to the sidelines on the Frankfurt bourse. The market has staged a liquidity-driven technical rally although opinion is divided over the impact of both higher taxation and of exchange rates on industrial investment. Back Page

Cuba hires foreign explorer

Cuba has contracted a foreign oil company to begin offshore exploration work along its northern coast. The Soviet Union's decision to cut oil deliveries prompted the break with 31 years of tradition and a French consortium will start exploring this year. Tim Coone reports. Page 29

Third time plucky

Twice bitten but not thrice shy: Conrad Black (left), owner of the conservative British newspaper, The Daily Telegraph, is in talks to buy the Madrid daily, Ya. It is Black's third attempt to break into the Spanish market and the most ambitious bid to date by a British publishing group to purchase a media property in Spain. Tom Burns reports on the negotiations. Page 22

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Asko	760	+	16
Beiersdorf	755	+	15
Gerresheimer	386	+	13
Karstadt	570.5	+	10
Falls			
Philips Kommun	505	–	12
Veba	335	–	8.7

NEW YORK ($)

Rises			
Amgen	121½	+	8½
Apple Computer	65	+	2
Philip Morris	67⅝	+	¼
Falls			
Chrysler	13¾	–	⅛
Intel	51	–	½
Lotus Dev	25½	–	¼

New York prices as at 12.30pm.

PARIS (FFr)

Rises			
Canal	938	+	11
Cred Lyon (CI)	872	+	12
Euromarche	4050	+	250
Falls			
Seghin-Say	719	–	14
GTM-Entrepose	407	–	15
Merlin-Gerin	543	–	18

TOKYO (Yen)

Rises			
Koritz	611	+	60
Nippei Toyama	1330	+	140
Taniuji Mach	740	+	100
Falls			
Casar	1550	–	120
Iseman	680	–	100
Japan Casting	715	–	44

LONDON (Pence)

Rises			
ACT	112	+	11
AIM	113	+	24
Allied Textls	394	+	22
BPB Inds	237	+	12
Craig Shipg A	95	+	10
Micro Focus	1318	+	128
More O'Ferrall	261	+	30
Mountleigh	86	+	7
Nichols Vimto	230	+	15
Pilco A	265	+	21
Victaulic	142	+	19
WPP	135	+	11
Falls			
Bailey (Ben)	40	–	5
Br Aerospace	845	–	13
Cook (DC)	25	–	7
Dowty	183	–	11
Emess	46	–	7
Ford Seller	18½	–	5½
Ladbroke	263½	–	13½
MS Intl	40	–	13
Rolls-Royce	158	–	17

Rolls surprises markets with 24% decline

By Paul Betts in London

ROLLS-ROYCE unsettled the financial markets yesterday by reporting an unexpected 24 per cent fall in pre-tax profits.

Higher-than-expected research and development spending, a £50m ($94.5m) provision to cover restructuring costs, and repercussions of the Gulf war on the commercial aero-engine market pulled pre-tax profits down to £176m from £233m the previous year.

This was lower than the most bearish market forecasts and prompted a steep fall in Rolls-Royce shares which closed yesterday 17p lower at 158p.

Apart from the heavy R&D expenditure totalling £237m against £161m in 1989 and the £50m provision, the weak dollar exchange rate put additional pressure on the company's civil aero-engine business.

Lord Tombs, the chairman, confirmed the company was planning to reduce its 60,000-strong workforce by 3,000. He said the civil and military engine businesses faced uncertainties because of the slump in the commercial airline business and cuts in defence spending.

The current difficulties of the airline industry had led to a significant fall in orders for engine spare parts where margins have traditionally been higher than for new engine sales.

The company is also worried that the current problems in the airline industry could lead to some customers deferring payment for some engines, cancelling some orders and bad debts, as well as depressing the important spares business. Lord Tombs said orders for about 25 engines to power 9 aircraft had so far been deferred by Rolls-Royce customers.

Lord Tombs warned 1991 would be another difficult year because of the depressed UK industrial climate, the strong pound and the high differential in the UK inflation rate with the US and other industrialised countries.

But he argued that the company's underlying performance was satisfactory. Group turnover rose 24 per cent to £3.67bn last year from £2.96bn in 1989, while operating profits rose 22 per cent to £468m from £383m.

The firm order book stood at £5.7bn with firm orders for 826 civil engines and 170 military engines.

Lord Tombs said R&D spending had peaked last year but would continue to remain high in 1991 at around 8 per cent of aero-engine turnover. But aero-engine profits before exceptional items and tax fell 16 per cent from £147m to £124m.

Power engineering profits rose 58 per cent to £32m while general engineering profits rose 42 per cent to £27m.

Despite the 24 per cent fall in pre-tax profits and a 35 per cent decline in earnings per share to 13.5p, the company is proposing to keep its final dividend unchanged at 4.7p bringing the dividend for the whole year to 7.25p compared with 7p in 1989.

Lex, Page 20

Ralph Robins, the Rolls-Royce chief executive (left) and Lord Tombs, chairman, who confirmed the company was planning to reduce its 60,000-strong workforce by 3,000.

Engine makers hit hard by fall in spares demand

By Martin Dickson in New York

US AERO Engine manufacturers, in common with Rolls-Royce, have been suffering from a sudden downturn in the highly profitable spare parts business.

The Gulf crisis and last year's associated jump in fuel prices mean that airlines are flying less, and therefore using up fewer spare parts. They are also trying to conserve cash, which has prompted very tight control of inventories.

"Airlines have cut back quite dramatically," Mr Robert Daniell, chairman of United Technologies, the parent company of engine manufacturer Pratt & Whitney, told a recent analysts' meeting. And spares is the most profitable part of Pratt's business. The downturn is sufficiently serious for Pratt to have accelerated a plan to cut its workforce by around 4,000 by the end of 1993. It is now cutting between 1,000 and 1,500 of those jobs by the end of June.

A spokesman for GE Aircraft Engines, part of the General Electric group, said yesterday that it had also seen a downturn in spares sales in recent months, "although we perhaps felt it later than our competitors because our engines are installed generally on newer, more fuel efficient aircraft." GE said it was assessing the long-term effects of the situation.

Analysts reckon the drop in sales may not prove too lengthy, provided the recent sharp drop in oil prices and the conclusion of the Gulf war boost airline traffic and profits.

Mr Daniell pointed out to analysts that while airline revenue passenger miles had historically grown at 7 per cent a year, spare parts sales had risen at around 10 per cent and airlines' spare parts inventory was currently at an all-time low.

Chrysler halves quarterly dividend

By Martin Dickson in New York

CHRYSLER, the weakest of the big three US motor manufacturers, yesterday highlighted the severity of the industry's problems when it halved its quarterly dividend.

The move came just a year after Mr Lee Iacocca, Chrysler's chairman and the man who revived it from near-bankruptcy in the early 1980s, declared that it would take a "nuclear war" for him to recommend a cut.

However, Mr Robert Miller, Chrysler's vice-chairman, said yesterday that "reducing the dividend was the prudent and sensible thing to do in light of the dismal market conditions of the past few months."

The company is following the example of General Motors, the largest US manufacturer, which cut its dividend 47 per cent last month. Ford Motor is expected to cut its pay-out next month.

Chrysler is to cut the quarterly dividend payable on April 15 from 30 to 15 cents. The move will not have a dramatic impact on the group's finances, only saving it about $34m a quarter. This compares with $3bn that it wants to save through a cost-cutting plan launched 18 months ago.

However, analysts said the dividend cut sent a message to the markets and the company's employees that it was taking a prudent approach to the car market slump.

Mr Miller said he was hopeful that a resurgence of the economy would allow the dividend to be restored at some point.

The cut had been expected and Chrysler shares were unchanged in New York at noon yesterday.

Fears for Pirelli votes at Conti meeting

By Katharine Campbell in Frankfurt

A SHAREHOLDER in Continental tyre company has warned that votes friendly to Pirelli – the Italian group which wants to merge with the German company – could be blocked at next week's extraordinary general meeting.

Alberto Vicari, a German shareholder in Continental, called the EGM to allow shareholders to decide whether the group should remain independent.

Mr Vicari yesterday claimed there was a move to block the Pirelli camp's votes on a crucial point on the agenda – whether to abolish the rule which limits all shareholders to a maximum voting right of 5 per cent of the capital.

Pirelli has claimed that it can muster support from shareholders with least 50 per cent of Continental's stock. The votes might be disallowed on the grounds that the Pirelli camp is a front for the Italian group, and that they therefore violate the 5 per cent restriction.

Continental has sent a letter to the principle shareholders which it can identify in Germany and Italy asking them for detailed information on the size and purpose of their stakes, and the nature of any relevant options or agreements.

Lawyers suggested yesterday that if the shareholders refused to divulge this confidential information, Continental could then argue that it might not be able to ascertain their true intentions.

Mr Ulrich Weiss, the Deutsche Bank director who has been embarrassed by his involvement in the saga, will chair the EGM in his capacity as supervisory board chairman of Continental. Hence, it will be his decision whether to admit the disputed votes. Mr Weiss is also Pirelli's banker at Deutsche, as he is responsible for the bank's Italian activities.

His role and that of Deutsche – which also owns Morgan Grenfell, the UK merchant bank defending Continental – has already been controversial.

Pirelli had suggested in a letter to shareholders at one stage that the "supervisory board chairman" of Continental had given "his agreement and support" to the Italian group's merger proposal.

Mr Weiss denies this and has said that Pirelli's statement was misleading.

Swiss launch probe into Omni share deal

By William Dullforce in Geneva

THE ZURICH public prosecutor has opened an investigation into a stock transaction planned by Mr Werner Rey, the Swiss financier, in January, when he was trying to resolve the debt problems of his Omni Holding company.

Omni applied for court protection from its creditors on Wednesday.

Mr Hans Baumgartner, the prosecutor, said that Omni was suspected of having given false information about a public company, when announcing that it had sold a 53 per cent stake in Adia, the employment and services group, to Comco, the Swiss subsidiary of Asko, the German retailing group.

Omni was to have taken a 48 per cent interest in Comco, but the entire transaction came unstuck when Swiss banks declined to provide the necessary credits.

Mr Rey would come under investigation because at the time he was Omni's chairman and chief executive, Mr Baumgartner said.

There had been allegations that aspects of the deal, which were not disclosed in Omni's announcement, would have been unfair to shareholders.

Mr Jürg Neck, Omni's spokesman, said that the company had not been officially informed of the investigation and would not comment.

Separately, Adia acknowledged that it might have to make provisions against its 1990 net earnings for a possible loss on an outstanding debt of SFr182m ($135m) from Omni.

Mr Yves Paternot, chief executive, said the company would have to decide by early April how much of a bond which was convertible into Adia's own shares it would have to write down.

But Omni's assets were not negligible, its financial position would shortly be clarified to the receiver appointed by the court and it was unlikely that Adia would need to write off the entire debt.

Analysts had pointed out that a complete write-off would swallow the whole of Adia's expected 1990 net profit.

If Adia had to announce its 1990 dividend today, it would have to be cut, Mr Paternot said. Adia Holding, the parent company, operates to an end-June fiscal year and pays its dividend in October.

After Omni had announced that it was selling a majority stake in Adia to Asko and Mr Klaus Jacobs, the Swiss businessman, for SFr770m, Adia issued a court order last week, asking Omni to show that it still held 100,876 Adia shares to cover the SFr192m bond.

Adia suspected that the shares being sold under the deal – now halted by Omni's application for court protection – included those which should have been held on deposit against the bond.

Adia said it had some SFr1bn available in cash and short-term placements, so that even a complete write-off of the Omni debt would not affect its ability to meet all its obligations.

Yesterday, Adia bearer shares finished SFr5 higher at SFr905 in Zurich.

● Lloyds Bank, the UK clearing bank, was reported to be in urgent talks with the troubled privately-owned International Leisure Group over the status of the company's £50m overdraft with the bank. Omni Holding owns 49 per cent of ILG.

Struggle at ILG, Page 22

Sir Ron loses power struggle over IEP deal

By Terry Hall in Wellington and Andrew Bolger in London

SIR RON BRIERLEY, the New Zealand entrepreneur, has lost a boardroom struggle at Brierley Investments, the company he created 30 years ago, over the future of the group's overseas investment arm.

Brierley Investments yesterday moved to acquire full control of its 70 per cent-owned subsidiary Industrial Equity Pacific (IEP), the international takeover flagship responsible for some of its biggest moves in the UK and US.

At a press conference in Wellington Sir Ron Brierley said he was initially opposed to the takeover, because he saw a role for an independent IEP. However, the move had been discussed frankly at board level, and he had come to see that in reality the parent company called the shots.

There have been reports that Sir Ron was opposed to the takeover, and as if to make this point he announced that he was resigning as chairman of IEP.

However, Mr Trevor Beyer, Brierley Investments' resident UK director, said Sir Ron would continue as "a potent force" on the board of Brierley investments in which he is the biggest individual shareholder, with a 3.74 per cent stake.

Sir Ron, one of the most resilient Antipodean corporate raiders, will also continue his distinctive lifestyle of travelling the world in search of test cricket, rare stamps and investment opportunities.

Brierley Investments said since the world stock-markets crash in 1987, banks were less willing to finance entrepreneurial investment companies, and tended to group IEP and Brierley Investments BIL together.

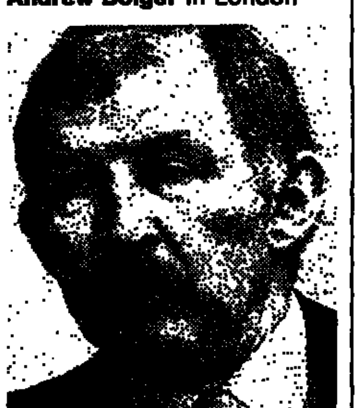
The board believed this would lead to increasing conflicts and confusion, as recently evidenced by the parent company, Brierley Investments making the offer for the UK hotel group Mount Charlotte Investments.

This acquisition would have been more appropriately made by IEP, which already owned a 30 per cent stake. However, this was not realistic as IEP lacked the financial resources. The Brierley Investments board did not wish this situation to continue.

The minority shareholders in IEP, who are mainly New Zealanders, will be offered three new shares in Brierley Investments for every two they hold in IEP.

On Wednesday, the last trading day before the announcement, Brierley Investments shares closed at NZ$1.10 and IEP shares closed at NZ$1.51, offering IEP shareholders a 9.27 per cent premium.

Brierley Investments and IEP results, Page 27



Sir Ron Brierley: still a 'potent force' on BIL's board

Preussag improves to DM350m

By David Marsh in Bonn

PREUSSAG, the German steel, trading, minerals and energy conglomerate which took over the Salzgitter steel company at the end of 1989, yesterday reported improved net profits of DM350m ($236m) for the nine months business year ended September 30.

Mr Ernst Pieper, the chief executive, forecast a further increase in net earnings in the current 1990-91 business year following profits of more than DM100m in the first quarter. Preussag profits for the full 12 months business year of 1989 amounted to DM315m. The group is paying an unchanged DM8 dividend for the shortened 1990 business year on equity capital raised to DM707m from DM404m in the course of the takeover. The switch in the business year to October 1 to September 30 was announced last summer.

Operating profits rose last year to DM775m from DM459 in 1989. Turnover increased by 16 per cent to DM19bn during the nine months' business year. After taking into account the incorporation of Salzgitter – which was effective just for the final three months of 1989 – and the shorter business year in 1990, turnover was roughly stable during the period, Mr Pieper said.

Fixed asset investment rose to DM754m from DM339m. Mr Pieper called new business "satisfactory" for the first three months of the 1990-91 business year, with DM7.1bn in orders registered during this period.

Orders in hand at the end of December were DM11.9bn, 8 per cent above the level three months earlier. However, first-quarter turnover fell by 6 per cent to DM6.9bn compared with the corresponding figure in the previous year – above all because of lower non-ferrous metals prices and the weaker dollar.

He also said the group had made investments of DM500m in east Germany, making 3,000 jobs. It announced yesterday the acquisition of leading east German limestone works, Harz-Kalk in Saxony-Anhalt, said to own some of the best quality deposits in Europe.

Ladbroke expects only break-even start

By David Churchill in London

LADBROKE Group, the UK hotels and leisure company, said yesterday that it only expected to break even for the first two months of the present financial year due to the recession and Gulf war.

The news came from Mr Cyril Stein, Ladbroke's chairman, as the company announced preliminary full-year results for the year ended December 31 1990.

Ladbroke, whose operations include the Hilton International hotel chain, the Texas Homecare do-it-yourself stores, and Ladbroke betting shops, produced only a slight increase in pre-tax profits from £302.2m ($574.8m) in 1989 to £305.6m last year. This was on turnover also up marginally from £3.7bn to £3.8bn.

Mr Stein's statement yesterday set the shares back after an initial rally, closing 13p down on the day at 264p.

Mr Stein said that international travel had already started to pick up and would benefit the Hilton hotels, which get 70 per cent of their revenue from business travellers.

"But the first two months of the year were obviously affected by a lack of activity which applied to almost every industry," he said. "Ladbroke was not immune, and profits in the first half of 1991 will have to come from four months of trading."

A further 20 Hilton hotels are planned, including the first in Mexico, Norway and Denmark, as well as extra ones in France. The company has also reached agreement with Japanese investors, including the Industrial Bank of Japan and Nippon Fire and Marine Insurance, to accelerate its hotel-opening programme in the Asia-Pacific region. Ladbroke plans to double the number of Hiltons in Japan by 1995.

Pre-tax profits of the Hilton hotels division rose from £167.8m in 1989 to £174.3m.

Ladbroke's betting shop chain, which produced pre-tax profits of £91.7m against £91.1m, saw a decline in profitability towards the end of last year.

Texas Homecare suffered from the recession and general slump in retailing, with pre-tax profits of £39.7m against £40.1m in 1989.

The property division increased pre-tax profits, net of interest, from £35.9m to £45.2m in a difficult climate.

The company's gearing has been reduced to 58 per cent and, with lower capital investment planned, is expected to fall further this year. A final dividend of 5.93p has been recommended, making a total of 10.61p, a rise of 8.4 per cent.

Skis Rossignol sees losses of FFr130m

By George Graham in Paris

SKIS ROSSIGNOL, the leading French ski and sports equipment manufacturer, expects to report net losses of more than FFr130m (US$24.9m) in the year ending March 31, Mr Laurent Boix Vives, the group's chairman, announced yesterday.

Rossignol's loss warnings have become progressively more dramatic over the past 12 months.

A year ago, Mr Boix Vives expected losses to be confined to between FFr20m and FFr50m, but by last summer his estimate had risen to FFr65m, and in December it was revised again to FFr100m.

Mr Boix Vives said Rossignol's results included losses on the its tennis racquet business and some FFr20m of restructuring costs, but around FFr120m came from the impact of the fall in the dollar and the yen.

The year's results could still be altered by the exchange rates applying at the end of this month, he warned.

The group has already taken a number of measures, however, which Mr Boix Vives said should bring it back to break-even in 1991-92, even without taking account of the improvement in the skiing market, triggered by this season's good snow conditions in Europe.

Higher prices, made possible by Rossignol's strong market share, should improve margins by around FFr50m, he said, added, while cuts in overheads at all the group's subsidiaries should save around FFr60m more.

Productivity improvements should save another FFr15m, he said.

The group expects to have maintained sales at around 1.42m pairs of skis, sold under the Rossignol and Dynastar brands, in the year to March 31, despite an 11 per cent drop in the world market for downhill skis.

This would take its world market share above 30 per cent for the first time.

Rossignol is currently forecasting stable ski sales in 1991-92, while in the ski boot sector it hopes to restore sales, under the Rossignol and Lange brands, to around 470,000 pairs, or 12 per cent of the world market, after plunging 15 per cent to 400,000 pairs in the current season.

Losses in the tennis racquet division were worse than expected, Mr Boix Vives said, and the division would continue to weigh on results in 1991-92.

All profits from the recently-acquired Roger Cleveland golf club subsidiary would be ploughed back into developing this business, he added.

Siemens in Italian rail equipment agreement

By John Wyles in Rome

A NEW Italo-German collaboration in railway equipment manufacturing was foreshadowed yesterday with an agreement between Siemens and Ansaldo Trasporti of Italy's state-owned IRI group.

The agreement is likely to cause a political row in Italy between the two dominant parties in the governing coalition, the Christian Democrats and the Socialists. The latter will see the tie-up with Siemens as a threat to Italy's smallest and heavily loss-making industrial holding group, EFIM, which is under Socialist control.

The is because EFIM's railway equipment manufacturer, Breda Ferroviaria, belongs by industrial logic with the group of companies that IRI, which is lead by a Christian Democrat, and its engineering holding, Finmeccanica, have been building around Ansaldo Trasporti.

The Siemens deal puts Ansaldo in a position to offer a high speed train alternative to the ATR 500 based on German technology.

The Italian national railways, the Ferrovia dello Stato, recently signed a strategic agreement with IRI which may well have included an understanding that the group would seek to supply an alternative to the ETR 500.

In parallel with its agreement with Siemens, Ansaldo has also signed a co-operation agreement with Firema, an Italian rolling stock manufacturer.

Telegraph may buy Spain daily

By Tom Burns
In Madrid

THE DAILY Telegraph, the British national newspaper owned by Mr Conrad Black, the Canadian financier, is negotiating the acquisition of Ya, a Madrid daily that was formerly controlled by the Catholic church in Spain and is part of the Bilbao-based Comecosa media group.

The talks mark at least the third and the most ambitious bid attempt by Mr Black to break into the Spanish market.

Previous targets have included Diario 16 and El Independiente. There were also preliminary discussion with El Mundo, another Madrid newspaper. Industry sources said earlier negotiations with other Spanish publishers had broken down over the British group's wish to purchase majority control.

Comecosa is understood to be anxious to sell the Madrid daily in order to concentrate on the regional newspaper market. Ya, once the platform of the Spanish bishops and one of the top selling national Spanish dailies 15 years ago, has lost readership in recent years and has a circulation of less than 50,000.

Ya was bought by Comecosa, together with three regional newspapers also owned by the bishops' Editorial Catolica publishing house after protracted negotiations in the late 1980s. It has failed to regain lost ground despite its conversion into a colourful, if conservative, tabloid.

Portugese bank rises sharply

BANCO Espirito Santo e Comercial de Lisboa (BESCL), Portugal's second largest state-owned commercial bank in term of assets, reported a sharp rise in profits for 1990, writes Patrick Blum in Lisbon.

The bank, which is due to be privatised later this year or early in 1992, saw its profits increase by more than 90 per cent to Es12.6bn (US$96m) last year from Es6.5bn in 1989 on total assets which rose by a more modest 6.7 per cent to Es1,238bn last year from Es1,160bn in 1989.

The bank is strengthening its reserves and building up its pension fund which stands at about Es20bn. For years, most Portuguese state-owned banks have been seriously underfunded to meet pension liabilities, but they have all been building up special reserves to deal with the problem.

Lloyds Bank in talks over ILG's £50m overdraft

By David Churchill, Leisure Industries Correspondent

LLOYDS Bank was last night understood to be in urgent talks with the troubled privately-owned International Leisure Group (ILG) over the status of the company's £50m ($100m) overdraft with the bank.

Lloyds refused to be drawn on the nature of the talks and also declined to give details of the plan agreed last month to turn the £50m debt into ILG equity.

The bank's concern with ILG's cash flow problems has added pressures on the holiday company which also operates Air Europe, a UK airline.

The Civil Aviation Authority, which has licensed ILG to transport 2m Britons to Mediterranean holiday resorts this year, said yesterday it was monitoring the situation as it was legally obliged to do.

German retail group Kaufhof, which was rumoured to be interested in investing in ILG, said last night it was not interested in taking a stake.

ILG, which would not comment yesterday on its financial position, announced a month ago that its cash flow problems caused by high gearing and the slump in holiday bookings were being dealt with by a financial re-structuring.

ILG said at that time that Lloyds had agreed to the unusual move of turning the £50m overdraft into equity and becoming the company's biggest shareholder.

At the same time, ILG said that it was raising some £40m from its other shareholders, primarily Mr Werner Rey's Omni Holdings which owned 49 per cent of ILG.

Mr Rey was also said to be selling 19.5 per cent of his stake to Asko, the German retailer, and the remaining 29.5 per cent to Harpener, a German investment company.

However, it is not clear whether either transaction had actually been completed.

Allianz sees DM500m loss in east Germany

By Katharine Campbell in Frankfurt

ALLIANZ, Europe's leading insurance company, announced yesterday that it would make a loss in excess of DM500m ($337m) in its new east German operations this year, according to preliminary calculations.

If it is to avoid wiping out the capital of its joint venture, which is just DM500m, it will require a capital increase before the end of 1991.

Allianz provoked a controversy last year when it formed a joint venture with the state insurer which initially gave it a monopoly of the underdeveloped and potentially lucrative east German market.

Allianz says that the competition induced by the arrival of some 300 insurance companies has reduced its market share to around 20 per cent in life business and 25 per cent in non-life.

The losses, which are considerably bigger than anticipated and are likely to continue for up to eight years, stem partly from the very high rate of accident claims for motor vehicles.

The numbers of deaths on the roads in the east since unification have doubled, with claims for damages up 75 per cent.

Another factor is that premiums in the east are also still 20 per cent below those in the west.

The joint venture is still 49 per cent owned by the Treuhand, the trust body charged with privatising east German industry.

Allianz has not yet specified when and if it will assume full control.

Allianz Versicherung, which is the non-life part of the business, yesterday announced preliminary figures for 1990 which showed higher claims because of storm damage last spring.

It paid out 382,000 claims for storm damage amounting to DM544m.

Premium income increased by 4.7 per cent to DM10.4bn, and the company said that its profits would be "somewhat" higher than in the previous year.

NMB Postbank suffers weaker second half

By Ronald van de Krol
in Amsterdam

NMB POSTBANK, the Dutch bank which merged earlier this week with insurer Nationale-Nederlanden, said its net profit fell by 3.5 per cent to Fl 835m ($386m) in 1990, reflecting a weaker second half.

In the first six months, net profit had risen by 7.7 per cent. The bank said that gross profit showed a decline of 4.7 per cent to Fl 1.59bn as costs rose by 6 per cent to Fl 3.86bn outstripping a more moderate 2.6 per cent increase in income to Fl 5.46bn. Despite the lower results, NMB Postbank said it was raising its dividend to Fl 3.00 from Fl 2.75 in 1989.

It gave no profit forecast for 1991, citing uncertainties about the postwar economic climate and the difficulty of forecasting interest rate and currency movements.

The downturn in the second half was due mainly to the Gulf crisis and the effect it had on stock markets and on borrowing.

Sandvik books fall of 6%

By Robert Taylor in Stockholm

SANDVIK, the Swedish speciality steel and carbide group, yesterday reported a 5.9 per cent drop in profits (after financial items) for 1990 to SKr2.69bn ($496m).

Invoiced sales fell by 2.7 per cent last year to SKr18.256bn while the order book declined to SKr18.13bn from SKr18.90bn.

Earnings per share in 1990 were SKr34.70, compared with SKr34.45 the previous year. Sandvik's board is recommending a dividend increase to SKr8.50 from SKr7.50 in 1989.

The group reported a profit of SKr1.58bn in its cemented carbide activities for 1990, a SKr333m drop on the previous year's figure which was due mainly to a sharp decline in earnings in the US and Brazil.

There was also a slight decline in profits from its steel division to SKr483m from SKr616m and in saws and tools to SKr91m from SKr124m, which were blamed on high costs and poor productivity in Swedish operations.

In a statement yesterday, the group said only the German and Japanese markets stayed strong throughout last year.

Swedish packer advances 23%

By Robert Taylor

PLM, the fifth largest packaging group in Europe, increased its profits (after financial items) by 23 per cent last year to SKr384m ($69m) from SKr311m.

However, sales fell to SKr5.856bn from SKr6.152bn over the same period. Return on capital employed was 19.5 per cent in 1990, compared with 15.6 per cent the previous year. There was a particalarly strong earnings performance in the Swedish company's beverage can division, with a rise to SKr209.6m in 1990 from SKr160.7m, while PLM's earnings from its glass container production rose to SKr244.7m from SKr202m. The growth was sluggish in food can manufacture.

PLM said the sales trend was "particularly promising" in Germany where the company has a number of production plants.

Industrivarden, the Swedish investment and industrial holding company that owns 90 per cent of PLM, also reported yesterday a 38 per cent growth in profits (after financial items) in 1990 to SKr528m despite an 18 per cent fall in the value of its assets and a drop in its portfolio value of SKr1.6bn to SKr7bn. The board has recommended a 20 per cent dividend increase to SKr7.20 per share.

Gambro ahead by 24%

By John Burton in Stockholm

GAMBRO, the Swedish manufacturer of dialysis and intensive care equipment, yesterday reported that annual pre-tax profits increased by 24 per cent to SKr406m, while sales rose by 39 per cent to SKr4.3bn. A dividend increase to SKr3 per share from SKr2.40 was proposed.

Gambro said that the benefits from its SKr1.6bn acquisition of Cobe Laboratories in the US last June will become apparent over the next three years following a reorganisation of its activities.

Gambro diversified into products for cardiovascular surgery and blood component technology by buying Cobe.

Earnings were increased by a continuing shift in product mix toward more advanced and expensive products. Demand remained firm for dialysers with synthetic membranes, dialysis concentrate, and blood component technology.

It reported that profits increased in European markets, with the possibility of future strong growth in central and eastern Europe. Markets are also expanding in Asia as a result of the Cobe acquisition.

INTERNATIONAL COMPANIES AND FINANCE

Amgen set to entrance the medicine men

Karen Zagor examines the implications of this week's court ruling on patent rights

AMGEN, one of the most promising US biotechnology companies, scored a coup when a federal court this week gave the company a patent monopoly in the US for its EPO drug. The drug is used to treat anaemia in kidney dialysis patients, and should pave the way for Amgen to become a fully-fledged independent pharmaceuticals company.

The ruling ended a four-year legal battle between Amgen and Genetics Institute over erythropoietin, or EPO, which Amgen will market under the brand name Epogen. The court decided that Genetics Institute had not proved that it had isolated a protein with the biological characteristics described in the patent.

Amgen now has exclusive rights for the sale and production of EPO in the US for at least seven years.

Wall Street registered its enthusiasm for Amgen's growth prospects by pushing the share price up $9¾ to $122¼ at midday yesterday, following a $12 gain on Wednesday after the federal court ruling. Shares in Genetics Institute plummeted more than 50 per cent during trading on Wednesday, but recovered somewhat yesterday morning, adding $1¼ to $39¾.

The decision secures Amgen's position as the leading US biotechnology company. Although its sales from Epogen, which received FDA approval in 1989, are expected to be about $350m this year, the company's market capitalisation is staggeringly large at close to $4.5bn.

And analysts are extremely bullish about Amgen's future. Mr Viren Mehta, an industry analyst at Mehta & Isaly in New York, said: "Here is a company that 10 years ago was just a glimmer in someone's eyes that became a small biotechnology company and now it has become a fully-fledged pharmaceuticals company."

Amgen's growth on the back of Epogen has been phenomenal. Epogen's first-year sales of more than $190m set an industry record. For the first six months of 1991, Amgen's revenues jumped to $150m from $68m in the first half of 1990, and net income soared to $25.4m from only $4.7m in the same period. The company's total debt at the end of 1990 was $15.5m.

Amgen's second drug, Neupogen (recombinant granulocyte colony-stimulating factor), could be an even bigger money-spinner. The drug helps boost the body's immunity to bacterial infections and has been extensively tested among cancer patients undergoing chemotherapy.

Neupogen helps restore the immunity killed during chemotherapy and allow patients to withstand heavier doses of chemotherapy.

A Food and Drug Administration advisory committee recently gave support for the use of Neupogen in treating chemotherapy associated infections, and final regulatory approval to market the drug is expected by the end of March.

Australian brewer beats profit target

By Kevin Brown

SA BREWING, the Adelaide-based drinks and manufacturing group, increased net profits by 11.3 per cent to A$50.8m (US$39m) for the six months to December, in spite of the Australian recession.

Mr Ross Wilson, chief executive, said the result exceeded the group's target of a 5 per cent increase in net profits, but warned that the second half would be difficult.

"I can't make forecasts, but it seems to me that the balance of the second half will be the same as the first eight months – very tough – and we will have to concentrate on cost reduction and maintaining market share," he said.

Mr Wilson said trade showed no sign of improving in the first two months of the second half, but forecast a domestic economic recovery beginning in the third quarter or early in 1992.

He said the recovery was likely to be led by revived US economic growth, and revealed that SA Brewing was considering possible US acquisitions.

First-half sales rose 10 per cent to A$965m, including a six-weeks contribution from Penfolds Wines.

The directors declared a fully franked interim dividend of 7.75 cents, up from 7 cents.

Earnings fall 54% at John Labatt

JOHN LABATT, Canada's second largest brewer, hit by recession and restructuring charges, posted a 54 per cent drop in third-quarter earnings, writes Robert Gibbens in Montreal.

Labatt, subject of persistent takeover rumours and the consumer products arm of the big Brascan holding company, said profit for the three months ended January 31 was C$18m (US$15.5m), or 15 cents a share, against C$39m, or 44 cents, a year earlier, on sales of C$1.25bn, against C$1.26bn. The first nine months showed profit of C$104m, or C$1.10 a share, against C$123m, or C$1.48, a year earlier.

Pacific Dunlop hit by domestic recession

By Kevin Brown in Sydney

PACIFIC Dunlop, the diversified Australian manufacturing group, yesterday blamed the domestic recession for a 10.7 per cent fall in interim net profits to A$136.8m (US$105.2m) on turnover down 2.3 per cent to A$2.5bn.

Net earnings dropped 37.3 per cent after an abnormal loss of A$13.7m relating to redundancy and rationalisation costs. Last year's interim result included an abnormal profit of A$51.1m.

Mr John Gough, chairman, said demand had fallen progressively over the six months to the end of December, and Christmas trading had been particularly weak. However, the impact of recession in Australia had been partly offset by international operations.

Results in most areas were "satisfactory" given the difficult economic circumstances. The worst hit divisions were South Pacific Tyres, the distribution activities, and GNB Batteries (Australia), which returned "significantly" lower profits.

Pacific Brands produced a "much improved" result following substantial restructuring, and the industrial, foam, fibre and cables group continued to achieve "excellent" results in the depressed conditions.

Mr Gough said trading conditions in Australia showed no sign of improving in the second half, but all divisions had adjusted to the reduced trading levels and were performing "creditably".

Mr Philip Brass, managing director, said sales had fallen in the third quarter, and were likely to be around 2.6 per cent lower in the second half than in the comparable period of last year.

The directors declared an increased interim dividend of 10.5 cents per share, fully franked, compared with 9.5 cents after last year's first half.

The result was in line with market expectations, and the shares closed 2 cents lower at A$5.34.

BIL slips 7% and warns on year's dividend

By Terry Hall in Wellington

BRIERLEY Investments (BIL) blamed a "particularly hostile investment environment" for its 6.9 per cent drop in net profits to NZ$175.19m (US$104m) in the six months to December 31.

The interim dividend was unchanged at 5 cents a share. However, Mr Bruce Hancox, BIL's chairman, said in view of the difficult outlook, the company might have to reduce the full-year dividend, which last year was 11 cents.

Mr Hancox said that the dividend policy had been exhaustively discussed by directors, but they had dismissed suggestions that they follow the practice of not paying dividend to increase shareholders' wealth.

The BIL profit was achieved on sales 7.5 per cent down at NZ$4.68bn. Profit before tax fell 15.3 per cent to NZ$303.59m and tax was down 28.8 per cent at NZ$52.35m. Earnings per share fell 9.1 per cent, to 9 cents.

Mr Hancox also announced BIL was continuing its asset sales programme after the purchase of Mount Charlotte, the UK hotels group, by selling its recently-acquired 14 per cent stake in Australasian brewery and liquor group, Lion Nathan, for NZ$170m, through an institutional placement.

Mr Hancox said that, since balance date, net debt had been reduced by NZ$1.2bn to NZ$5.4bn and total assets by NZ$1.5bn to NZ$12.7bn. He added that the group expected a further reduction in net debt by June 30 to approximately NZ$4bn, equivalent to a net debt to capital funds ratio of 75 per cent. This was a reduction from its peak at December 31 of 126 per cent.

BIL said that in spite of the impact of high interest rates, recession and the Gulf war, Mount Charlotte hotels had increased after-tax profits to last year to £43.1m (US$81.5m), an increase of 5 per cent.

In the half-year to December 31, International Equity Pacific saw its net profits drop 28 per cent to HK$612.23m (US$78.5m).

The company's car dealership business, Tozer Kemsley and Millbourn, lifted after-tax profits by 11 per cent £39.89m on sales of £1.14bn. Excellent results in France and Australia had more than offset a small downturn in the UK.

Sharp rise in costs hits Goodman Fielder

By Kevin Brown

GOODMAN Fielder Wattie, the Australasian foods group, suffered a 12.3 per cent fall in net profits before abnormal items in the first half to December, on turnover up 17.8 per cent to A$2bn (US$1.54bn).

The decline was caused by increases in taxation and interest charges caused by the consolidation of some activities as a result of restructuring.

The group said its trading performance had improved significantly following its decision to refocus on its core food operations and sell or close peripheral activities.

The restructuring programme was announced late last year after Goodman Fielder had reported a net loss of A$85.6m for 1989-90, largely caused by provisions of A$202m against investments in lossmaking non-core activities.

The group said 12 manufacturing sites in Australia were closed during the first half and two others sold. In New Zealand, the group sold Protech Engineering, a can-making plant and several farms, and closed the Amlamco meat processing operation.

First-half trading profits increased by 30.7 per cent to A$139.7m, but the improvement was obscured by a 61 per cent rise in interest charges to A$48.2m, and an increase in tax from A$3.8m to A$26.7m.

Trading profits increased by 11 per cent to A$78.9m in Australia, on turnover up 7.6 per cent, in spite of the contraction of the food and retail sectors.

Trading profits were up 49 per cent to A$49.2m in New Zealand, on sales up 11.9 per cent. European operations reported an 83 per cent rise in trading profit to A$15m.

Mr Michael Nugent, chief executive, said the improvement in the quality of trading profits would "further enhance the credibility of the company's core food business strategy". He said the improvement was "particularly pleasing" given the depressed state of the Australian and New Zealand economies.

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Net profit after abnormal items was up 64.5 per cent to A$67.1m after including abnormal profits of A$4.9m, largely relating to the sale of shares in Centrepoint Properties. The comparable profit last year was struck after abnormal losses of A$30.1m.

Mr Nugent said Goodman Fielder expected to maintain the level of trading profits in the second half, but warned that any improvements were likely to be modest give the depressed short-term outlook for the Australasian economies.

The directors maintained the interim dividend at 5 cents, unfranked, but indicated that the full year dividend may not be maintained.

Amic declines sharply to R759m

By Philip Gawith in Johannesburg

ANGLO American Industrial Corporation (Amic), the industrial arm of the Anglo American group, saw earnings decline sharply in the year to December on the back of deteriorating domestic and international markets.

Turnover rose by 6 per cent to R6.12bn (US$1.94bn) from R5.77bn, but pre-tax profit dropped by 43.4 per cent to R759m from R1.34bn. Attributable earnings dropped by 29 per cent to R451m and earnings per share declined to 836 cents from 1,180 cents. The dividend was maintained at 350 cents a share.

Mr Graham Boustred, chairman, said that not only had prices of most commodities produced by the group been depressed, but there had also been a fall in volume in certain instances. Of Amic's main subsidiaries and associates, Highveld Steel saw attributable earnings fall from R322m to R150m, earnings at paper company Mondi were 43 per cent down at R89m, and chemical company AECI saw earnings fall from R314m to R238m.

Mr Boustred said it was ironic that the substantial reduction of export incentives for primary and semi-fabricated export products in March 1990 had come at a time of economic stringency when they were needed most.

He said problems in the gold mining industry, were a big uncertainty facing the group in 1991. "Amic subsidiaries and associates are important suppliers to the gold mining industry and any significant closures and consequent reduction in tonnages mined and milled would have an immediate impact on those operations."

The chairman said Amic would do well to maintain its earnings at the 1990 level.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price	Pool selling price
[illegible]	[illegible]	[illegible]	[illegible]

NGC Settlements Limited

INTERNATIONAL CAPITAL MARKETS

Treasury yields edge lower ahead of employment data

By Karen Zagor in New York and Simon London in London

THE US treasury market was unusually quiet yesterday morning as traders and investors waited for today's release of the February employment figures.

At mid-session, the treasury's 30-year long bond was ¼ higher at 95¼, yielding 8.26 per cent. The Federal Reserve operated in the open market to arrange overnight system repurchase agreements when Fed Funds were trading at 6⅞ per cent.

The modest gains yesterday morning were inspired by reports that initial claims for state unemployment insurance rose 20,000 on a seasonally adjusted basis in the week ended February 23. The unemployment figures were unexpectedly high.

The market does not expect the Federal Reserve to change monetary policy unless unemployment in February is sharply higher than expected. Even if the employment data are quite weak, the Fed may decide not to ease monetary policy. Mr Alan Greenspan, chairman of the Federal Reserve, said on Wednesday that the US economy contracted in February but the recession was not deepening.

■ THE first German current account deficit since 1985 breathed new life into the government bond market, with yields at the 10-year maturity falling by around 6 basis points on the day.

The last 9 per cent bund closed on a yield of 8.28 per cent, after opening at around 8.34 per cent. The June bund futures contract opened at 85.70 and rose to close at 86.04, just off the days high.

The DM1.2bn current account deficit for January was construed by the market as positive, suggesting German capital will not have to finance current account surpluses. Analysts noted imports had grown at a year-on-year rate of 30 per cent, providing further evidence that the domestic economy is strong.

■ THE UK government bond market followed the firmer tone of other markets, with dealers reporting some investors switching to longer dated stocks.

The benchmark 11¾ per cent government bond issue maturing 2003/2007 rose 11/32 point on the day, to close at 111⅛ for a yield of 10.12 per cent. At the shorter maturities gilts gained around 1/16 point.

On the Liffe, the June gilt futures contract opened at 92.01 and rose to 92.23 on a volume of over 20,000 contracts.

■ THE French government yesterday sold FFr6.815bn of bonds at its regular monthly auction, leaving it well ahead of its announced borrowing programme for the year.

Yesterday's auction raised FFr3.525bn on the longest dated French government bond, the OAT 8.5 per cent 2019. Bids were accepted at a cut-off price of 94.20, giving a weighted average yield of 9.06 per cent, nearly a full percentage point lower than in January, the last time the bond was auctioned.

■ THE Japanese government bond market continued to trade within a tight range yesterday, ahead of US non-farm payroll data today which could decide the timing of the next easing of US monetary conditions.

At the close of Tokyo trading, the benchmark government bond No 129 was yielding 6.645 per cent, against 6.65 per cent on Wednesday and was little changed in London trading.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-29	+9/32	10.97	10.89	11.27
		9.000	03/02	93-31	+16/32	10.03	10.09	10.11
		9.000	10/08	93-17	+18/32	9.78	9.82	9.83
US TREASURY *		7.750	02/01	97-26	+10/32	8.07	7.95	7.94
		7.875	02/21	95-29	+13/32	8.24	8.16	8.02
JAPAN	No 119	4.800	06/99	88.0806	-0.367	7.08	6.84	6.63
	No 129	6.400	03/00	98.5050	-0.306	6.67	6.46	6.51
GERMANY		9.000	01/01	104.6500	+0.300	8.26	8.32	8.45
FRANCE	BTAN	9.000	02/96	99.1865	+0.114	9.20	9.17	9.72
	OAT	9.500	01/01	103.3400	+0.390	8.97	8.99	9.27
CANADA *		9.750	06/01	100.9000	+0.200	9.61	9.54	9.74
NETHERLANDS		8.500	03/01	99.5000	+0.230	8.58	8.61	8.60
AUSTRALIA		13.000	07/00	105.9841	+0.657	11.41	11.53	11.40
BELGIUM		10.000	06/00	105.1000	+0.250	9.15	9.01	9.16

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

Analysts contemplate UK's likely PSBR

IN THE absence of hard economic data this week, gilt market analysts have been contemplating the possible size of the UK government's public sector borrowing requirement for fiscal 1991-1992 and the volume of new gilt issues, writes Simon London.

Towards the top end of the scale, Baring Brothers is forecasting a PSBR of £12bn this year and average gross issuance over the next five years of around £20bn a year. Greenwell Montagu forecasts gilt issuance of £1.5bn per month, or £18bn for the whole year.

Towards the lower end of expectations, UBS Phillips & Drew is forecasting a PSBR of £9.5bn for the year and gilts issuance of £13.25bn – assuming the economy picks up in the second half of this year.

A further question is how the gilt market will react to the chancellor of the exchequer's budget statement on March 19. Over the past 12 years the market has rallied on six occasions after the budget and fallen on six occasions.

"Under no circumstances will the chancellor risk destabilising the financial markets with a general election possibly only months away," Crédit Lyonnais commented in it's latest research note. "Thus, he will not admit to a £15bn PSBR forecast. "If the market has discounted such a large PSBR, come the budget it may be pleasantly surprised."

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:10 pm on March 7

U.S. DOLLAR STRAIGHTS / OTHER STRAIGHTS / DEUTSCHE MARK STRAIGHTS / FLOATING RATE NOTES / SWISS FRANC STRAIGHTS / CONVERTIBLE BONDS / YEN STRAIGHTS

Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate ([illegible]) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

New warrant launched on the French market

By George Graham in Paris

J.P. MORGAN has launched a new variety of stock index warrant on the French market.

The new warrant, dubbed a "strip warrant" by Morgan, will run for three years, but unlike previous issues, which offer only the possibility of a capital gain at the end of their life, it will pay an annual return to investors.

Covered warrants have been a popular instrument in France in recent months, although they are restricted by the finance ministry to the Eurofranc segment of the market.

The new issue will introduce a notion of "face value" not usually found in warrants. Investors will pay FFr261 per warrant, but the annual payment will be calculated according to the movement in the CAC40 index against a face value of FFr1,000.

Morgan is issuing 300,000 of the warrants, whose gain in any one year will be limited to 20 per cent.

"The warrant will allow institutions to index themselves on the annual growth in the CAC40, but it is not a pure index management instrument because it is leveraged," according to Mr Vincent Hubert of Morgan.

ABC to cut activities in investment unit

ARAB Banking Corporation (ABC), the Bahrain-based offshore bank, plans to cut the activities of its investment division following the downturn caused by the Gulf crisis, AP-DJ reports from Manama.

ABC's president and chief executive, Mr Abdulla Saudi, said the bank will pull out of private banking and new issues business because of lack of liquidity in the region and the decline in business confidence.

He said it would probably take about two years to re-establish enough confidence in the Gulf region to allow a Gulf bank to play a major role in those areas.

Like other Arab institutions, ABC was hit hard by the loss of confidence in the region following the invasion of Kuwait. Mr Saudi said the bank lost around $3.5bn of interbank deposits last year as international banks cut their lines to the Gulf.

But the loss was partly compensated by an additional $2bn of customer deposits, which included placings by the bank's shareholders, he said. Libya, Kuwait and Abu Dhabi each own roughly one-quarter of ABC equity, with the balance held by the bank's new private shareholders.

Mr Saudi said ABC's diversification helped the bank weather the Gulf crisis, which he described as a "nightmare." He pointed to the good performance last year of Banco Atlantico, the Spanish retail bank in which ABC owns a 56 per cent stake.

As a result, ABC's total assets fell by around 10 per cent last year from the $21.7bn recorded at the end of 1989, Mr Saudi said.

The bank's risk asset ratio, a measure devised by the Bank for International Settlements, rose to 11.5 per cent at the end of last year from 10.7 per cent a year before, Mr Saudi said.

Mr Saudi declined to provide further details on 1990's results ahead of a formal announcement on March 31.

Loan losses hit another Canadian bank

By Bernard Simon in Toronto

CANADIAN Imperial Bank of Commerce has followed the pattern set by the country's other big banks in reporting a drop in first-quarter income as a result of rising loan losses.

Net earnings fell by 9 per cent to C$199m in the three months ended January 1990 from C$219m a year earlier. Return on equity dropped to 14.2 per cent from 18.6 per cent, while return on assets was down to 0.67 per cent from 0.84 per cent.

Although interest margins showed the first quarterly improvement in a year, CIBC has raised its fiscal 1991 loan loss estimate to C$536m, a 41 per cent increase over 1990. One quarter of the total has been charged against first-quarter income. Non-performing loans have grown by 56 per cent to C$1.3bn.

CIBC noted a sharp turnaround at Wood Gundy, its securities dealer subsidiary, which lost C$87m last year. Gundy was profitable again in the first quarter, with the bank's share of its income reaching C$8m.

INTERNATIONAL CAPITAL MARKETS

SEC and CFTC futures dispute nears resolution

By Barbara Durr in Chicago

THE lengthy dispute in the US between the Commodity Futures Trading Commission and the Securities and Exchange Commission appears near to resolution following approval of legislation by the Senate Agriculture committee.

The bill, which must be approved by the Senate, would bolster the CFTC's regulatory powers and leave stock index futures in its hands. But margin authority for stock index futures will move to the Federal Reserve. The SEC, backed by the treasury, had sought jurisdiction of these products.

Day-to-day margin setting on stock index futures will remain the responsibility of the exchanges, but the bill would give the Fed the right to require the exchanges to raise or lower margins when it believed the financial integrity of the markets or their clearing systems are at risk. The Fed would also be allowed to delegate its authority to the CFTC.

Mrs Wendy Gramm, chairman of the CFTC, has emerged the winner in the jurisdictional battle. Her agency not only retained stock index futures oversight, but won on two significant other issues.

Index participations (IPs), based on baskets of shares, which the SEC claimed should be under its authority, are now to be considered futures and overseen by the CFTC. However, those IPs that have been approved or submitted to the SEC for approval before December 31 1990 will be excluded from CFTC scrutiny.

Mrs Gramm also won a crucial skirmish over what can be exempted from the exclusive regulatory authority granted to her agency by the Commodity Exchange Act. Hybrid financial products, which contain elements of a future as well as of a security, are now to be submitted to a CFTC-designed test that will determine whether such products derive more than 50 per cent of their value from play of the underlying commodity. If they do, they will come under the CFTC.

Financial engineers in pursuit of perfect capital

Simon London on the complex world of hybrids which share some of the features of both debt and equity

JUST as genetic engineers have learned to create new breeds of plant or animal, financial engineers profit by combining the vital attributes of existing securities to create a financial hybrid.

But where the geneticist is aiming for resistance to disease or pests, the financial engineer is looking for resistance to tax. Rather than physical climate, the financial engineer must conquer the accounting environment.

The apogee of financial engineering in the current depressed climate are hybrid instruments which share some of the features of debt and some of the features of equity. They are instruments which cut balance sheet gearing but cost the issuer far less than common stock. The challenge is to design an instrument which looks like equity and is for the purposes of accounting, but qualifies as debt for the purposes of tax.

A loose definition of equity might include the following elements; it is risk capital, simple, free of covenants, subordinated, a shock absorber for senior creditors, of indefinite life with no maturity date.

Quite which of these elements and in which combination define equity varies from country to country. The Accounting Standards Board is currently grappling with an inclusive definition of equity for UK companies. The tax authorities, however, work to a different set of rules, taking their lead from law rather than accounting standards. It is this arbitrage between tax and accountancy that the financial engineer often seeks to exploit.

The instrument must also be saleable. Many of the more complex structures are designed to make perpetual subordinated debt instruments attractive to investors. The US auction market structure for preferred shares and French repackaged perpetual notes fall into this category.

Perhaps the simplest debt/equity hybrids are convertible bonds, such as the convertible capital bonds issued by UK companies including Sainsbury, British Airways and Tesco.

The structure was designed by SG Warburg, the UK investment bank. The bonds give investors the right to convert into ordinary shares at a very small premium to the current market price, making conversion highly likely. Moreover, the bonds are highly subordinated, giving the holders something akin to equity risk.

This combination of factors has convinced the accountants that the bonds can be accounted for as near-equity from the date of issue. Looked at from an economic perspective, rather than the legal perspective favoured by the tax authorities, the bondholders rank behind other creditors in the event of default. Yet if the issuer remains a going concern, the likelihood is the bonds will be converted into equity.

Another variation on the convertible theme was launched last month by Banco Central of Spain with a Ecu85m issue of bonds that are mandatorily convertible into ordinary shares. The bonds have a maturity of five years, but if the holders do not convert by the maturity date redemption payments come only in the form of equity – not in the form of cash.

Other than convertible structures, corporate financiers have concentrated on ways of making perpetual subordinated debt saleable to investors. Perpetual instruments are not readily accepted by international investors because they are not very liquid instruments.

Perhaps the most complex structure of this sort has been designed for the French market – repackaged perpetual notes.

Perpetual notes are placed with investors, but a portion of the notes are prepaid in advance and the money is invested via a trust company in deep-discount zero coupon bonds, usually from a sovereign government to minimise credit risk in the intervening period. When the zero coupon bonds mature, usually after 10 or 15 years, the proceeds are used to buy back the perpetual notes from the holders.

Hence nominally perpetual notes have a limited actual life. However, because the notes are nominally perpetual and subordinated, they can be accounted for as equity under French accounting rules. The French tax authorities have also taken the view that the coupon payments can be deducted from tax by the issuer.

It is a measure of the importance of the tax treatment to all of these debt equity hybrids that a tax ruling from the French authorities at the end of last year prompted a flood of issues, the biggest of which was a FFr5bn issue for LVMH, the luxury goods and drinks subsidiary of UK brewing concern Guinness, via J.P. Morgan.

The structure would not work in the UK because tax law prohibits companies (other than banks) from claiming payments on perpetual instruments as tax deductible.

The main US hybrid is auction market preferred shares (AMPS), which like the French repackaged perpetual notes have no maturity date but are structured to be saleable. The interest rate on AMPS is set through a regular remarketing or 'auction' process. At each auction investors have the right either to sell the bonds back to the intermediary which issued the notes (the remarketing agent) or demand a higher rate of interest.

Critics argue that AMPS are tax inefficient because interest payments are not tax deductible for the issuer. In this sense it differs from other debt/equity hybrid structures.

But they are true hybrids when looked at from the economic perspective. Because of the remarketing process, the cost of capital rises when the issuer is in trouble – just like debt.

The AMPS market totals $25bn. However, other structures are designed for a specific company and placed privately with a group of institutional investors.

For example, earlier this year PolyGram raised $200m of quasi-equity in a placement of exchangeable subordinated notes. Not only are the notes a convertible hybrid, they are also convertible into AMPS – themselves hybrid instruments.

The structure was designed by Goldman Sachs especially for PolyGram, which has a Dutch domicile. Three series of notes were issued with initial maturities of three, seven and 20 years. The notes are exchangeable into US auction market preference shares at the option of the company any time after the initial maturity dates – or in special circumstances. This allows the company to set up an AMPS programme whenever it chooses, and in the meantime to bolster its balance sheet.

The notes are accounted for as a minority interest in PolyGram's accounts, under the general heading of equity, but the coupon payments are deductible against tax.

The key element of the structure is that conversion into preference shares is at the option of the issuer, rather than the holder, of the notes. However, being convertible into a hybrid instrument rather than pure equity, the structure moves quasi-equity back one step further from common stock.

Batterymarch to press on with Soviet venture plans

By Stephen Fidler, Euromarkets Correspondent

THE US investment management group Batterymarch is going ahead with plans for a fund to channel foreign investment into Soviet defence companies attempting to convert their production to meet civilian needs.

Mr Dean LeBaron, founder and trustee of the Boston-based group, said the Soviet Companies Fund would be split into three investment areas – aerospace industries, electronics, and other industries.

The split was decided because the investment in aerospace appeared to moving ahead more quickly than in the electronic industry which in turn was advancing more rapidly than the other investments, for example, metallurgy.

The first fund should be off the ground by late spring, he said.

After originally targetting a fund of $400m to $1bn, he said its likely size would be towards the bottom of that range.

The project, announced last October, has not been moving ahead as quickly as planned. Mr LeBaron said this had been caused mainly by a sharp fall in the number of US businessmen willing to travel because of the Gulf war and the effect on western businesses of the Soviet crackdown in the Baltic republics. He said there was no sign of reduced Soviet commitment to the project, despite an apparent weakening of economic reform efforts.

Batterymarch has established an office with a staff of five in Moscow and has this month opened an office in Leningrad.

Wide variety of deals reflects market's basic lack of direction

By Tracy Corrigan

NEW issues in the Eurobond market emerged in a variety of currencies, again reflecting the lack of direction in bond markets. Underwriters are finding placement of bonds

INTERNATIONAL BONDS

considerably harder work than it was a few weeks ago, although they say there is still fairly good demand in some areas, like the dollar and Canadian dollar sectors, where currency appreciation is expected.

After the recent surge of large transactions, investors appear to have tired of Ecu bonds for the moment, and yesterday's Ecu300m issue for Crediop, the Italian financial institution, failed to revive their interest.

WestLB, the lead manager, which does not have a strong presence in the Ecu market, said the deal was aimed at retail investors, largely outside Germany.

Although Crediop has a strong, triple-A rating, Italian financial names are not well-liked by investors, who have been spoilt be a string of sovereign and supranational borrowers in the sector, and ECU300m is a large issue for retail placement to absorb. The deal was still in syndication at the end of European trading.

In the lira sector, the European Coal and Steel Commission launched a large L450bn issue of 11⅞ per cent five-year bonds via San Paolo. The agency is tax-exempt for Italian investors, and, with a coupon below 12 per cent, domestic demand provided important support for the deal.

A FFr750m four-year deal for General Electric Capital Corporation met firm demand from Swiss investors, but French institutions, less familiar with the name, were less involved. The deal, which was swapped into fixed-rate dollars, ended at 99.70 bid, from a fixed reoffer price of 99.76.

Elsewhere, Eksportfinans, the Norwegian agency, added a Can$125m tranche to an outstanding Can$250m deal due 1994 first launched in 1989. Dealers said the tranche would re-inject some liquidity into the deal. Demand for Canadian dollar paper is concentrated on the shorter end of the market, due to the sharply inverted yield curve. The issue was swapped into floating-rate dollars at about 15 basis points below the London interbank offered rate.

The reinvestment flow created by the redemption of old issues continues to buoy demand in the Australian dollar market, where two more deals emerged yesterday and Unilever's deal, launched on Monday, was increased by A$25m to A$125m. Mobil, the US oil company, brought its first issue in the Eurobond market for more than five years. The A$100m deal via Westpac, for Mobil Australia Finance, carries a 12 per cent coupon and matures in 1997. The State Bank of New South Wales launched a A$100m five-year deal via Deutsche Bank Capital markets.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Nissho Iwai UK(a)†	30	8½	101⅝	1996	1⅝/1⅛	Dai-Ichi Kangyo Bk.
FT Asia(b)§†	125	6¾	100	2006	2½/1	Morgan Stanley Int.
ECUs						
Crediop O'seas Bk.(a)†	300	9¾	101¼	1996	1⅞/1⅛	West LB
CANADIAN DOLLARS						
Eksportfinans AS(c)†	125	10⅛	99.95	1994	¼/⅛	Goldman Sachs Int.
AUSTRALIAN DOLLARS						
Mobil Aus.Fin.Co.(a)†	100	12	100⅝	1997	2/1¼	Westpac Banking Corp.
State Bank of NSW(a)†	100	11¾	99¾	1996	2/1¼	Deutsche Bk.Cap.Mkts.
FRENCH FRANCS						
GECC(a)†	750	9¾	101.16	1995	1⅝	Paribas Cap.Mkts.
SWISS FRANCS						
Nittoku Engine.Co.(d)★★§	50	5⅛	100	1995	-	Yamaichi Bank(Switz)
LIRE						
ECSC(a)†	450bn	11⅞	101.70	1996	1⅞/1⅛	Is.Bancario S'Paolo

★★Private placement. §Convertible. ♦With equity warrants. †Final terms. a) Non-callable. b) Amount increased from $100mn on 7/3/91. Coupon was indicated at 6½-7%. Conversion premium fixed at 17.7%. c) Fungible with existing C$250mn issue. Non-callable. d) Put option on 30/9/93 at 108% to yield 8.206%.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday March 7 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Mar 6 Index No.	Tue Mar 5 Index No.	Mon Mar 4 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (188)	866.08	-0.7	12.20	5.56	9.99	0.85	872.60	863.52	850.87	854.40
2 Building Materials (24)	1159.92	-0.5	12.21	5.26	10.07	0.55	1165.52	1163.09	1156.91	1041.16
3 Contracting, Construction (31)	1402.14	-0.5	12.77	5.58	10.16	3.90	1409.40	1406.83	1383.81	1400.74
4 Electricals (10)	2342.41	-2.2	11.63	5.70	10.50	0.80	2396.19	2365.15	2364.99	2413.80
5 Electronics (26)	1867.56	+1.2	8.46	4.78	15.72	1.55	1845.29	1810.51	1772.47	1855.70
6 Engineering-Aerospace (8)	444.27	-4.8	15.89	5.60	7.65	0.86	466.48	458.90	444.93	422.71
7 Engineering-General (47)	448.36	-0.2	13.30	5.80	9.03	1.15	449.16	440.15	434.31	464.11
8 Metals and Metal Forming (8)	485.06	-0.7	18.81	7.12	6.56	0.00	488.25	488.62	480.38	469.77
9 Motors (13)	354.59	-1.3	12.98	6.76	9.11	0.00	359.25	351.23	342.59	355.18
10 Other Industrial Materials (21)	1505.20	-0.8	10.83	5.40	10.68	0.71	1517.07	1502.53	1480.90	1561.17
21 CONSUMER GROUP (182)	1390.74	-0.7	8.85	3.79	14.03	3.44	1400.70	1375.06	1351.32	1210.43
22 Brewers and Distillers (22)	1723.71	-0.1	9.30	3.62	13.25	7.47	1725.99	1708.09	1692.94	1398.07
25 Food Manufacturing (20)	1159.58	-0.1	9.91	4.16	12.45	1.69	1160.50	1139.02	1126.63	1053.65
26 Food Retailing (16)	2548.27	-0.5	8.30	3.04	15.76	3.15	2561.90	2517.81	2482.69	2259.13
27 Health and Household (21)	3021.12	-1.9	6.73	2.78	17.76	0.91	3078.53	3000.02	2916.84	2396.82
29 Hotels and Leisure (22)	1348.57	-2.5	10.14	5.11	11.63	9.06	1383.25	1345.71	1323.04	1463.29
30 Media (25)	1412.46	+0.8	10.34	4.76	12.21	7.81	1401.60	1371.56	1344.51	0.00
31 Packaging & Paper (11)	651.03	-0.4	8.08	5.29	15.16	0.30	653.76	627.18	605.55	552.92
34 Stores (34)	874.31	-0.3	9.71	4.18	13.40	1.76	877.22	872.05	860.44	766.25
35 Textiles (11)	531.65	+1.2	10.03	6.04	12.84	0.65	525.14	512.51	495.04	496.39
40 OTHER GROUPS (110)	1182.15	-1.2	10.68	5.07	11.38	2.56	1196.69	1167.00	1150.98	1146.44
41 Business Services (12)	1158.13	-0.1	10.79	4.67	11.26	0.26	1159.19	1109.43	1084.51	0.00
42 Chemicals (21)	1264.62	-2.1	9.65	5.64	12.62	0.77	1292.04	1255.03	1237.86	1190.16
43 Conglomerates (11)	1528.93	-1.6	11.16	6.74	10.68	6.83	1554.40	1530.39	1522.60	1611.77
44 Transport (15)	2188.40	-1.6	11.94	4.66	10.32	1.82	2223.12	2185.83	2180.72	2206.74
45 Electricity (12)	1148.78	....	10.73	6.13	11.24	0.00	1149.27	1121.06	1123.29	0.00
46 Telephone Networks (3)	1338.54	-1.6	9.99	3.78	13.02	0.00	1359.96	1314.22	1279.12	1153.78
47 Water (10)	2477.08	+0.2	13.69	5.66	8.16	39.69	2473.04	2445.21	2437.16	1972.20
48 Miscellaneous (26)	1890.13	-0.6	9.99	4.82	11.65	1.37	1901.91	1861.57	1830.87	1857.18
49 INDUSTRIAL GROUP (480)	1201.68	-0.9	10.14	4.57	12.10	2.47	1212.33	1189.67	1171.13	1115.50
51 Oil & Gas (20)	2380.61	+0.8	10.88	5.58	12.03	34.91	2362.72	2339.71	2334.50	2367.55
59 500 SHARE INDEX (500)	1301.21	-0.7	10.24	4.71	12.09	4.88	1309.88	1286.95	1269.19	1219.18
61 FINANCIAL GROUP (98)	822.40	-1.1	-	5.75	-	2.87	831.90	817.97	804.57	799.42
62 Banks (9)	908.73	-1.7	11.67	6.21	11.82	5.83	924.63	903.30	882.32	872.26
65 Insurance (Life) (7)	1460.39	-0.5	-	5.26	-	0.00	1468.22	1466.70	1447.73	1301.66
66 Insurance (Composite) (6)	709.18	-0.5	-	6.10	-	0.00	712.79	707.42	702.12	661.98
67 Insurance (Brokers) (8)	1095.59	-0.7	6.75	5.88	19.41	7.94	1103.20	1084.62	1068.11	1064.78
68 Merchant Banks (7)	420.07	-1.8	-	4.86	-	0.00	427.82	409.31	405.01	471.64
69 Property (41)	1043.73	-1.0	6.37	4.51	21.50	1.26	1054.81	1040.63	1024.82	1090.82
70 Other Financial (20)	286.31	-0.3	9.30	6.63	13.36	2.30	287.23	278.93	276.22	312.74
71 Investment Trusts (69)	1186.33	-0.8	-	3.44	-	4.03	1196.49	1158.86	1147.03	1150.94
99 ALL-SHARE INDEX (667)	1183.79	-0.7	-	4.82	-	4.39	1192.56	1171.35	1154.87	1116.74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 6	Mar 5	Mar 4	Mar 1	Feb 28	Year ago
FT-SE 100 SHARE INDEX‡	2437.7	-22.2	2457.8	2437.2	2459.9	2420.1	2382.9	2386.9	2380.9	2250.0

FIXED INTEREST

PRICE INDICES	Thu Mar 7	Day's change %	Wed Mar 6	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (28)	121.03	+0.07	121.17	1.99	1.92
2 5-15 years (31)	131.73	+0.34	131.29	1.96	2.69
3 Over 15 years (8)	137.79	+0.43	139.02	0.27	4.05
4 Irredeemables (6)	153.95	+0.30	153.49	2.40	1.50
5 All stocks (73)	130.51	+0.26	130.40	1.87	2.55
Index-Linked					
6 Up to 5 years (2)	158.67	+0.06	158.59	0.29	1.03
7 Over 5 years (10)	145.53	+0.28	145.13	0.62	0.89
8 All stocks (12)	146.40	+0.26	146.02	0.60	0.90
9 Debs & Loans (54)	110.25	....	110.24	2.50	1.67

AVERAGE GROSS REDEMPTION YIELDS		Thu Mar 7	Wed Mar 6	Year ago (approx.)
British Government				
1 Low	5 years	9.33	9.36	11.41
2 Coupons	15 years	9.61	9.68	11.06
3 (0%-7¾%)	25 years	9.77	9.84	10.95
4 Medium	5 years	10.19	10.24	12.68
5 Coupons	15 years	10.03	10.09	11.51
6 (8%-10¾%)	25 years	9.96	10.01	11.07
7 High	5 years	10.35	10.39	12.80
8 Coupons	15 years	10.20	10.26	11.74
9 (11%-)	25 years	10.10	10.17	11.25
10 Irredeemables	†	9.98	10.01	10.96
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.70	3.72	4.60
12 Inflation rate 5%	Over 5 yrs.	4.12	4.14	4.07
13 Inflation rate 10%	Up to 5 yrs.	2.29	2.31	3.68
14 Inflation rate 10%	Over 5 yrs.	3.94	3.95	3.90
15 Debs &	5 years	11.86	11.86	13.80
16 Loans	15 years	11.62	11.61	13.14
17	25 years	11.41	11.40	13.14

‡Opening index 2448.7; 9 am 2457.0; 10 am 2443.3; 11 am 2444.0; Noon 2448.2; 1 pm 2441.7; 2 pm 2444.2; 2.30 pm 2445.3; 3 pm 2450.4; 4.10 pm 2438.6; (a) 8.47am (b) 4.03pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	71	1	14
Corporations, Dominion and Foreign Bonds	4	0	17
Industrials	341	383	828
Financial and Properties	140	176	431
Oils	29	17	46
Plantations	1	0	9
Mines	32	19	112
Others	55	51	48
Totals	673	647	1,505

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	118	102	East German Inv. Tst.	118	+3	-	-	-	-
$100	F.P.	-	95	58	‡Eidos 10p	63	+3	-	-	-	-
75	F.P.	-	75	65	Etonbrook Props.	67		-	-	-	-
-	F.P.	-	18	14	‡Europe Energy 5p	14	-1	-	-	-	-
-	F.P.	-	4025	3475	Eurotunnel Fnder. Wrrnts.	3963	-12	-	-	-	-
-	F.P.	-	140	90	JF Pacific (New Wrrnts)	140		-	-	-	-
-	F.P.	-	7	6	MMI Warrants	7					
50	F.P.	-	45	43	Trio Inv. Trust	44	-1	-	-	-	-
-	F.P.	-	9	6	Do Warrants	7		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price £	+ or -
-	-	-	86	68	Brent Walker Capital 13pc Cv Cap Bd	83	
100p	F.P.	-	111p	105p	Br. Land (Jrsy) 8⅝pc Cv.Cap Bds. 2011	111p	
100p	F.P.	-	113p	93p	Evered 7.25p (Net) Cnv. Red. Prf.	111p	-2
‡	P/P	29/11	38p	30p	‡Greenacre Group Cv. Rd. Prf. 70p	30p	
35	-	-	35½	29½	Grovewood Securities 8pc Cv Ln 2000	35½	
100p	F.P.	-	97p	80p	Lilleshall 9pc Cv Rd Prf. £1	97p	
100p	F.P	-	107p	96p	TT Group 10⅞pc Cnv. Red. Prf. 1997	106p	
100p	F.P.	-	130p	97p	Worcester Cm Rd Cv Pf	130p	+8

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price p	+ or -
5	Nil	22/4	3pm	2pm	Alpine Group 2½p	2½pm	
15	Nil	9/3	2pm	½pm	‡Europe Energy 5p	½pm	-¼
10	Nil	-	3pm	3pm	‡Walls Homes Gdns 5p	3pm	
245	Nil	-	45pm	41pm	Heywood Williams	41pm	
12½	Nil	11/3	1¼pm	1¼pm	Ptarmigan	1¼pm	
50	Nil	19/4	20pm	12pm	Resort Hotels 50p	16pm	
32	Nil	-	18pm	12pm	Wickes	18pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings March 4
- Last Dealings March 15
- Last Declarations June 13
- For settlement June 24

For rate indications see end of London Share Service

Calls in Brent Walker, BET, BTR wrrnts. 93/94, Burton, Buckingham Int., Berisford Int., Corporate Servs., Conroy Pet., Crest Nicholson, Davy, Dares Ests., Euro-Colour, Euro Disney, Ford Sellar Morris, Gaelic Res., Geevor, Interlink Express, Lon. Secs., Next, Lawrence (W), Oliver Res., Teredo Pet., Saatchi and Tuskar Res. Puts in BTR wrrnts. 92/93, Medeva, McCarthy & Stone, Next and Reuters. Puts and calls in John Williams and Trencherwood.

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allid Lyons (*532)	460	82	85	95	2½	7	9
	500	45	53	65	6	17	20
	550	13	27	40	27	40	45
ASDA (*137)	120	20½	26	26	1	3	5
	130	12½	18	20	3	6	8½
	140	6½	12	14	8	11	12½
Brit. Airways (*170)	140	34	35	38	1½	4	6
	160	18	21	25	5	10	14
	180	6	9½	15	15	22	24
SmKl Beecham A (*745)	650	105	125	140	2½	9	15
	700	62	85	105	9	20	27
	750	28	55	76	28	40	48
Boots (*353)	300	58	64	67	1	3½	5
	330	31	39	46	3½	11	14
	360	12	19	29	15	24	25
B.P. (*335)	300	42	50	53	2½	6	9
	330	18	28	34	8	14	19
	360	4½	13½	20	27	30	34
British Steel (*141)	130	14	17	18	3	5½	6
	140	7	11	13	5½	10	10½
	160	2	4	5½	21	23	25
Bass (*1064)	1050	54	84	115	22	45	57
	1100	28	60	87	50	72	88
	1150	12	-	-	90	-	-
C & Wire (*535)	500	52	65	80	8	19	22
	550	20	36	52	28	40	45
	600	6	-	-	67	-	-
Courtaulds (*386)	330	62	66	75	1½	4	6½
	360	34	41	53	4½	11	14
	390	14	23	35	15	24	26
Com. Union (*527)	460	70	77	80	2½	8	14
	500	32	45	55	12	20	28
	550	7	24	30	45	50	53
Fisons (*461)	390	78	87	100	1½	5	7½
	420	50	62	77	5	11	14
	460	19	36	51	18	23	27
GKN (*377)	330	48	55	57	3½	10	15
	360	18	37	40	12	21	25
	390	8	20	27	32	35	43
Grand Met. (*737)	650	104	124	139	2½	11	14
	700	61	85	104	12	24	27
	750	28	54	74	30	42	45
I.C.I. (*1072)	1050	35	75	90	45	54	70
	1100	17	53	70	77	82	95
	1150	8	34	52	124	127	134
Kingfisher (*439)	390	58	68	76	1½	10	13
	420	32	45	54	8	18	23
	460	12	25	33	29	38	40
Ladbroke (*264)	240	34	35	47	6	10	14
	260	18	25	35	9½	19	24
	280	8½	16	24	19	30	37
Land Secur (*548)	500	60	68	77	3	8	12
	550	23	33	45	15	28	30
	600	5	12	24	55	60	63
M & S (*243)	220	27	32	39	1½	6	7½
	240	13	19	27	7	14	16
	260	4	10	17	19	25	27
Sainsbury (*332)	300	40	47	57	1½	5½	8
	330	17	26	36	8½	15	18
	360	4½	12	21	30	33	35
Shell Trans. (*481)	420	72	87	95	2½	5	8
	460	36	53	65	8	11	16
	500	11	28	38	25	30	35
Storehouse (*115)	100	20	23	24	2	5	6½
	110	11	14	18	5	8	10½
	120	5½	9	13	9	14	16

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Trafalgar (*261)	260	18	25	36	15	27	31
	280	9	16	26	27	38	42
	300	4	-	-	42	-	-
Utd. Biscuits (*377)	330	51	57	65	2	4½	6½
	360	24	35	43	7	12	15
	390	6	17	26	24	26	30
Unilever (*732)	650	91	102	122	5	11	14
	700	44	66	85	13	23	27
	750	16	38	57	40	47	52
Ultramar (*340)	300	42	53	60	3	7	10
	330	18	33	42	13	16	22
	360	7	18	28	32	35	38
Option		**Mar**	**May**	**Aug**	**Mar**	**May**	**Aug**
Elec. Pkg. (*£1895)	1850	90	140	-	30	60	-
	1900	60	110	-	60	80	-
Eastern Elec (*170)	160	13	19	22	2½	7½	10
	180	2	8	11	12	15	22
Southern Elec (*180)	160	22	28	-	2	4	-
	180	6	12	-	5	10	-
Option		**May**	**Aug**	**Nov**	**May**	**Aug**	**Nov**
Brit Aero (*615)	600	60	78	92	20	26	32
	650	30	52	65	45	48	57
BAA (*420)	420	29	38	52	17	27	30
	460	12	-	-	40	-	-
BAT Inds (*711)	700	29	38	52	17	27	30
	750	18	32	46	63	72	78
BTR (*395)	390	22	36	42	19	24	30
	420	11	20	30	38	42	45
Brit. Telecom (*331)	330	20	27	34	11	18½	21
	360	8	-	-	30	-	-
Cadbury Sch (*376)	360	26	39	47	11	15	18
	390	9½	21	33	30	32	34
Guinness (*825)	800	54	80	95	25	35	42
	850	28	53	70	52	60	64
GEC (*213)	200	22	25	29	4	8½	9
	220	9½	12	17	13	18	21
Hanson (*225)	220	16½	23	29	6	9½	11½
	240	7	13	19	17	21	22
LASMO (*380)	360	37	48	60	12	17	22
	390	21	35	43	28	32	35
Lucas Inds (*168)	160	16	22	26	8	12	14
	180	6	12	17	20	22	25
P. & O. (*610)	600	33	51	55	32	37	47
	650	14	26	33	67	70	75
Pilkington (*190)	180	23	23	29	7	14	16
	200	11	13	19	16	23	27
Prudential (*226)	220	14	21	26	9½	13	16
	240	5½	12½	16	23	25	27
Racal (*203)	200	18	22	30	9½	14	17
	220	8	15	21	22	25	27
R.T.Z. (*538)	500	48	66	75	15	20	25
	550	20	38	47	40	44	47
Scot. & New (*394)	390	28	37	45	15	22	25
	420	14	22	32	32	40	43
Tesco (*253)	253	12	18	-	12	14	-
	260	-	-	21	-	-	21
Thames Water (*304)	300	22	27	31	10	17	20
	330	8	12	16	28	34	37
Option		**Apr**	**Jul**		**Apr**	**Jul**	
STC (*320)	300	-	-	-	¼	¼	-
	330	¼	-	-	-	-	-
Option		**Mar**	**Jun**	**Sep**	**Mar**	**Jun**	**Sep**
Abbey Nat. (*272)	260	14	20	26	4½	10	14
	280	3½	11	16	17	21	24

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Amstrad (*71)	70	3	9½	11½	3½	6	6½
	80	1	-	-	10	-	-
Barclays (*447)	420	29	41	48	6½	17	25
	460	4½	19	29	33	37	43
Blue Circle (*267)	260	15	23	30	5½	17	22
	280	5	14	20	17	28	32
British Gas (*249)	240	13	23	27	2½	6½	11
	260	2½	11	14	12	16	21
Dixons (*179)	160	22	32	32	1	4½	7
	180	7	17	21	6	11	16
Glaxo (*1009)	1000	28	73	105	22	43	55
	1050	9	48	78	56	67	80
Hawker Sidd. (*554)	550	25	40	60	14	40	47
	600	4	-	-	50	-	-
Hillsdown (*231)	220	18	25	34	5	15	20
	240	7	17	25	16	27	30
Lonrho (*242)	240	8	21	26	7	14	19
	260	1¼	11	-	20	24	-
Midland Bk (*189)	180	11	23	30	5	10	15
	200	3½	13	19	16	21	26
Reuters (*859)	850	28	78	103	40	60	72
	900	12	-	-	75	-	-
R. Royce (*158)	140	19	21	25	1¼	4½	6½
	160	3½	10	15	10½	13	16
Sears (*94)	90	6	9½	11	2	6½	8
	100	1½	4½	7	7½	12	13
THF (*275)	260	22	26	35	3	10	14
	280	8½	16	24	9	20	23
Thorn EMI (*744)	700	51	80	82	3	15	27
	750	15	45	53	20	32	48
TSB (*155)	140	19	24	28	1	3	5½
	160	3½	11	14	6	9	12
Vaal Reefs (*$61)	60	5	11	13	4	8	10
	70	2	6	9	12	14	16
Wellcome (*519)	500	30	57	77	7	24	29
	550	7	33	50	37	49	54

EURO FT-SE INDEX (*2439)

	2275	2325	2375	2425	2475	2525	2625	2725
CALLS								
Mar	170	123	82	49	25	12	2	1
Apr	191	150	114	83	56	36	-	-
May	-	170	-	104	-	56	-	-
Jun	-	190	-	128	-	77	42	21
Sep	-	240	-	180	-	125	85	55
Dec	-	290	-	230	-	180	140	105
PUTS								
Mar	6	10	20	37	65	100	188	283
Apr	18	26	40	58	80	110	-	-
May	-	35	-	68	-	118	-	-
Jun	-	42	-	75	-	123	184	299
Sep	-	68	-	98	-	140	193	257
Dec	-	90	-	125	-	163	210	260

FT-SE INDEX (*2439)

	2200	2250	2300	2350	2400	2450	2500	2550
CALLS								
Mar	244	195	147	106	67	37	17	8
Apr	263	218	175	134	99	70	47	30
May	276	235	195	157	123	95	71	50
Jun	290	250	210	175	143	113	92	70
Jul †	-	-	-	-	-	-	-	-
Dec †	365	-	295	-	325	-	180	-
PUTS								
Mar	2½	4½	6	14	26	47	85	126
Apr	8	13	20	31	48	70	101	137
May	14	23	32	45	62	82	110	144
Jun	26	32	42	55	72	94	121	152
Jul †	-	-	-	-	-	-	-	-
Dec †	48	-	73	-	110	-	155	-

March 7 Total Contracts 42,619
Calls 30,641 Puts 11,978
FT-SE Index Calls 8,547 Puts 5,103
Euro FT-SE Calls 353 Puts 180
*Underlying security price. † Long dated expiry months

UK COMPANY NEWS

TI rises 15% to £128.4m helped by currency hedging gain of £5m

By Andrew Baxter

TI GROUP, the specialist engineering company, yesterday reported a 15 per cent rise in 1990 pre-tax profits from £111.5m to £128.4m, but warned that the latest figures were flattered by £5m of net gains from currency hedging.

The results were at the high end of analysts' expectations, and TI's shares rose 12p to 519p, against the market trend.

Mr Christopher Lewinton, chairman, said the results showed the success of the group's five-year restructuring. TI is recommending a final dividend of 13p a share, giving a total of 19.5p (17.5p) for the year. Earnings per share rose to 55.5p (49p).

Since 1986 TI has spent about £300m on transforming itself from a dull, Midlands-based producer of bicycles, engineering products and domestic appliances into an international manufacturer of mechanical seals, small tubes and other specialist engineering products.

TI's turnover last year fell to £893.6m (£926.9m), reflecting disposals and currency factors, but at constant exchange rates it rose by 9 per cent or £76m. Operating profits rose to £115.1m (£106m) and margins from 11.4 to 12.9 per cent.

Without the benefit of £7.3m of hedging gains, principally against the US dollar, the operating margin would have been 12.1 per cent. At constant exchange rates TI's ongoing businesses had underlying profit growth of about 7 per cent.

TI's three core businesses had varying fortunes last year. Stripped of currency factors, the John Crane International engineered seals business achieved organic growth of 22 per cent in profits, helped by new products, continued investment, and benefits from international technology transfer.

The specialised tube business, headed by Bundy International, achieved underlying growth of 6.4 per cent, but the specialised engineering side suffered a 7.7 per cent fall. The reason was depressed demand in the US for large furnaces, partly offset by success in Europe.

On the outlook for 1991, Mr Lewinton said the year had started slowly, particularly in the UK, which now accounts for only 15 per cent of TI's business, against 55 per cent in 1986.

● COMMENT

After all his achievements at TI since 1986, Mr Lewinton was refreshingly modest about last year's results, giving much of the credit to Mr Sydney Taylor, appointed managing director (operations) at the beginning of last year. That pleased the City, which worries about chairmen who have too much on their plate, but investors will now be wondering whether TI can keep up the pace in 1991. It will be hard, for example, to repeat last year's hedging success. On the other hand, reorganisation costs will be down from £36.2m in 1990 to a final instalment of £15m-£20m and acquisition costs, down from £42.8m in 1989 to £13.4m last year, are likely to be modest again – TI is in no hurry to make a splash. Much will depend on the speed with which the US emerges from recession, but for now the City seems right to concur with Mr Lewinton's view that TI is relatively well placed to weather tough conditions in the UK and US. The shares trade on a p/e of 9.3, slightly better than the sector average.

Water investment helps Victaulic rise to £11m

By Jane Fuller

SPENDING to improve water quality helped Victaulic, the plastic pipes and fittings company, to increase pre-tax profit from £8.8m to £11.5m last year.

The 30.7 per cent rise came on turnover of £99.6m (£78.3m), 27.2 per cent ahead. Trading margins were slightly eroded by higher polyethylene raw material prices. However, a reduction in borrowings from £2.5m to £500,000 during the year cut interest costs to £280,000 (£600,000).

The share price gained 19p yesterday to close at 442p, a new high since the group's flotation at 236p in April 1988. Employees had bought it from British Steel in 1983.

Mr David Stewart, managing director, said that Wask RMF, the metal fitting company bought for £9.3m last spring from the administrator of Parkfield, had contributed £9m sales. Without Wask, the underlying growth in turnover was 16 per cent and in trading profit, 14 per cent.

Nearly 75 per cent of Victaulic's sales come from the water and gas industries. Mr Stewart said water business was growing more quickly, thanks to the large investment programmes of the water authorities as they brought water quality up to standard.

In mining and construction, orders from British Coal and the Channel Tunnel builders had held up well. Smaller subsidiaries serving industrial customers had been the only ones to feel the effects of recession.

Viking Johnson, with turnover of £30m, had benefited from the water mains refurbishment programme. Exports had also improved and there was a great potential for sales to the Middle East.

Stewarts & Lloyds, predominately a gas business, had also found growth areas in water, notably with its blue polyethylene pipe.

Expansion on the Continent was planned through the Helden Couplings business in the Netherlands and Germany.

Earnings per share rose to 34.9p (28.8p), reflecting paper issued to buy Wask. A proposed final dividend of 8p makes a total of 12p (9.75p).

Chas Baynes plans £9m issue to fund acquisitions

By Michiyo Nakamoto

CHARLES BAYNES, the diversified industrial group which has grown rapidly through acquisitions, yesterday announced a £9.3m rights issue to help fund two acquisitions and a 37 per cent rise in 1990 pre-tax profits to £5.61m.

It is issuing 21.1m new shares on a 1-for-5 basis at 44p per share. This represents an 11 per cent discount to the share price, ex-dividend. The shares rose in response to the announcement to close up 2p at 53p.

The proceeds from the issue will be used to help fund the acquisition of Truflo, a group of specialist engineering businesses and Fist Fast Packaging, a national distributor of packaging products.

Robert Fleming, underwriter to the issue, said the narrow discount was possible as the company enjoyed a particularly strong reputation with institutional investors.

The top twenty institutional investors control 67 per cent of the shares.

Truflo has been conditionally acquired for about £8.5m. There is an initial cash consideration for Fist Fast of £2.1m, with further deferred consideration of between £2m and £8m on an earn-out basis.

The combined consideration will be satisfied with £8.6m net to be raised by the rights issue complemented by cash resources. Baynes' net cash balance stand at about £6m.

Mr Bruce McInnes, chairman, said the two businesses complemented Baynes' core businesses of specialist manufacturing and distribution of packaging materials.

In the year to December 31 Baynes increased pre-tax profits from £4.1m to £5.61m on turnover up 30 per cent at £53.04m (£40.95m).

Earnings per share increased to 3.74p (3.06p) and a final dividend of 0.80p (0.75p) per ordinary share is recommended, making a total for the year of 1.20p, against 1p last time.

Receivers called in at Tern and Ferrari

By Maggie Urry

TWO COMPANIES, Tern and Ferrari Holdings, went into receivership yesterday, each saying that the move had been necessitated because their bankers refused to support refinancing plans.

Lloyds Bank was named by each as the bank which called in receivers. It had no comment to make.

Mr Peter Hickson, managing director of Tern, the property and construction group, the USM-quoted shares of which were suspended on Tuesday at 5p, said yesterday: "I am very disappointed that our bank was not able to help us to continue trading."

He said that he had put sensible proposals to Lloyds, including a plan to convert debt into equity, but these had been turned down. Mr Hickson said Tern's construction subsidiary was trading profitably and generating cash. It had an order book of £20m.

Mr Hickson headed a new management team which had sold Tern's loss-making estate agency business and was winding down the speculative property activities. The receivers, accountants Touche Ross in Cardiff, said they were hopeful of selling the business as a going concern. It has 180 employees.

Ferrari Holdings, a computer services group also quoted on the USM, the shares of which were suspended on Wednesday at 5p, had been working with Hill Samuel, the merchant bank, on a financial reconstruction plan. This was needed because of heavy debts taken on when acquisitions were made by the group's former management.

However, Ferrari said yesterday that it had been unable to obtain agreement from its bankers or its major shareholders for the provision of adequate additional debt or equity finance. A rights issue had been mooted, but this was dropped last month as it was unacceptable to some shareholders.

Singer & Friedlander Group, the merchant bank, holds 34.7 per cent of the ordinary shares and more than 70 per cent of the preference shares of Ferrari. Its original investment was £14m.

Mr John Talbot and Mr Alan Lewis of Arthur Andersen, the accountants, said they hoped to sell Ferrari's businesses as going concerns and a number of possible buyers had already expressed interest. The group has 600 employees in all.

See Lex

Ardagh improves

Profits before tax of Ardagh, the Dublin-based glass manufacturer, rose from I£1.93m to I£2.35m (£2.15m) for the six months ended December 25.

Turnover expanded to I£17.38m (I£16.84m) and earnings per share emerged at 5.63p (4.51p). The interim dividend is being increased from an adjusted 0.625p to 0.725p.

WPP meets expectations with 20% improvement to £90m

By Maggie Urry

WPP, the marketing services group in the middle of refinancing talks with its 30 banks, announced a 20 per cent rise in pre-tax profits to £90m for 1990. The group also revealed that banks in the refinancing would get success fees linked to the company's share price.

The result was in line with revised expectations after Mr Martin Sorrell, chief executive, warned last November that profits would not meet earlier hopes of £110m.

The final dividend, 12.9p last year, was passed. Last December the group cancelled payment of the 13.7p interim dividend declared in August.

The shares rose 11p to 135p yesterday, well above their recent low of 50p but still substantially down from the peaks of over £10 reached in 1987.

However, those who had expected final details of the refinancing package to accompany the figures were disappointed.

Mr Sorrell said that agreement in principle had been reached with the co-ordinating committee of six banks in late January, and proposals had been sent to the wider circle of 24 banks late last month. He said the package would be completed as soon as possible.

The group is in danger of breaching its banking covenants in the second quarter of this year.

Martin Sorrell: agreement in principle with banks

Meanwhile, WPP published a balance sheet on the basis that the refinancing had been agreed. This showed negative shareholders' funds of £244m (negative £342m) and net debt of £297m (£325m).

WPP burdened itself with debt when it bought the advertising agencies J Walter Thompson in 1987 and Ogilvy & Mather in 1989.

Pre-interest profits were £132.9m (£102.5m) covering the £42.9m interest charge 3.1 times.

The pre-tax profit figure was after providing £8m against the cost of the refinancing, aside from the success fees, and another £6m as a provision against reorganisation costs.

Offsetting those were £8m received as inducements to sign property leases, and £8m released from provisions made earlier and not needed.

The refinancing will include the consolidation of working capital facilities, the medium-term loan and uncommitted loan facilities into an enlarged committed medium-term loan.

Lending margins will also rise, by ½ percentage point according to estimates, and the main covenants will be changed.

Mr Sorrell said the banks' success fees, payable in cash, would be triggered at certain levels of the share price – well above the current price and with a cap – according to how much debt WPP had drawn from the facilities. The lower the amount of debt the higher the trigger price.

After a lower rate of tax, at 40.4 per cent compared to 46 per cent, minorities of £3.1m (£2.3m), and provision for preference dividends of £17.6m (8.4m), retained profits were £32.9m (£19.9m). Fully diluted earnings per share were 71.3p (71.2p).

John Lewis fears further fall after 17% decrease

By John Thornhill

JOHN LEWIS Partnership, the department store and Waitrose supermarket group which is owned by its employees, yesterday announced a 17 per cent fall in annual pre-tax profits in a "remarkably tough year".

Moreover, Mr Peter Lewis, chairman, warned that the partnership would have a real fight to prevent a further fall in profits as 1991 was likely to be one of the worst years for the retail trade.

In the year to January 26 1991, pre-tax profits slipped from £110.1m to £91.5m. The pool of profits distributable among the company's 33,000 partners (employees) fell from £41.2m to £33.1m, or from 17 per cent to 12 per cent as a proportion of pay.

Inclusive of VAT, group sales grew by 6 per cent to £2.16bn, department stores rising4 per cent and Waitrose by 8 per cent. Wholesale and manufacturing sales fell 7 per cent to £42.1m.

Profits were held back by an increased interest bill of £18.4m (£13.6m) as borrowings rose by £42m to £182m.

Poor margins cut Ben Bailey to £325,000

A combination of high interest charges and harsh trading conditions in the UK housebuilding market hit margins at Ben Bailey Construction, in the six months to end-December.

Although turnover of this Yorkshire-based housebuilder fell by only £700,000 to £7.5m in the period, pre-tax profits tumbled from £1.05m to £325,000.

Mr Richard Bailey, chairman, said that until interest rates were substantially reduced and there were signs of an upturn in the economy, he could not foresee any improvement in margins.

Earnings fell to 2p (6.59p) and the interim dividend is 0.3p (0.5p).

Çukurova's BCMB deal off

By Richard Waters

PLANS TO sell British & Commonwealth Merchant Bank to Çukurova, the Turkish industrial group, collapsed yesterday after two UK clearing banks refused to support the deal.

The failure adds to the uncertainty of BCMB's several thousand private depositors, who have already been waiting to gain access to their money since last June, when the merchant bank went into administration.

Çukurova's purchase, for about £25m, was dependent on its ability to persuade banks which had deposits at BCMB to leave two-thirds of their money in the bank after it came out of administration. It also needed to raise an additional stand-by facility to repay any personal depositors who wanted to withdraw their money.

Morgan Grenfell, acting on behalf of Çukurova and JP Morgan, its financial adviser, was unable to persuade Barclays and National Westminster, BCMB's two biggest depositors, to agree.

The banks would not comment yesterday on why they rejected the proposals, but are thought to have been unwilling to tie up their funds in BCMB for as long as three years when they had had no previous experience of Çukurova.

They are also likely to have been swayed by alternatives under which they stand to recover their money more quickly.

Charterhouse, the merchant banking arm of Royal Bank of Scotland, has begun negotiations to buy BCMB from its administrators, Ernst & Young.

Although no offer is understood to have been made, the UK clearers would feel more confident with a purchase backed by one of their own number.

There is also the chance that they could recover their money in full from a liquidation, should the administrators fail to find a buyer.

McInerney agrees deal with bankers

By Michiyo Nakamoto

McINERNEY Properties, the Irish property and leisure group, has agreed a debt for equity swap with its bankers, which will enable it to conclude its withdrawal from the UK commercial property market.

Six banks, which have not been named, have agreed to release McInerney Homes, the group's UK subsidiary, from loan obligations involving £20m related to the group's UK commercial property interests. In exchange they are taking a 51 per cent stake in McInerney Homes.

The deal results in a loss of about £12m for the group. The aggregate book value of the property assets involved is about £30m.

Mr Sean Cannon, chief executive, said that the company's UK commercial projects, which are concentrated in the south-east, had been a severe drain on group liquidity. Its Irish activities remained profitable.

McInerney is retaining its UK housing interests through the remaining 49 per cent it still holds in McInerney Homes.

The deal with its bankers also provides McInerney with the option to buy back the 51 per cent stake after two years at open market value, but not less than £1m.

Borrowings will be reduced by I£39m as a result of the transaction.

DIVIDENDS ANNOUNCED

Ardagh	int	0.725♣	Apr 12	0.625*	-	2.5*
Auto Security	fin	3.1	June 7	2.75	4.9	4.25
Bailey (Ben)	int	0.3	May 25	0.5	-	1.9
Baynes (Charles)	fin	0.8	May 17	0.75	1.2	1
Emess	fin	2.2	May 23	2.2	3.5	3.4
Gaskell	fin	5.5	July 1	5.5	8.5	8.3
Ladbroke	fin	5.93	July 1	5.65	10.61	9.79
More O'Ferrall	fin	10	May 9	10	13.2	13.2
MTL Instruments§	fin	1.6	May 8	1.4	2.8	2.4
MTM	fin	3.4†	-	2.8	5.1	4.2
Mucklow (AJ)	int	2.565	July 1	2.23	-	5.13
Murray Intl	fin	3.36	May 24	3.2	10.2	9.2
Nichols (Vimto)	fin	6.7	May 13	6	11	10
Pentos	fin	1.9†	June 28	1.7	2.5	2.2
Principal Hotels	int	nil	-	1	-	1
Renishaw	int	2	Apr 29	1.6*	-	4.8*
Rolls-Royce	fin	4.7	July 15	4.7	7.25	7
TI Group	fin	13	May 16	11.75	19.5	17.5
Ultramar	fin	7	May 31	6	10.5	9
Victaulic	fin	8	May 10	6.5	12†	9.75
WPP	fin	nil	-	12.9	nil	24.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.♣Irish currency.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Finals- Aitch Hldgs., Braime (T.F. & J.H.), Coalite, Perry.

FUTURE DATES

Interims-

Maunders (John) .... Mar. 21

Finals-

Geest .... Mar. 21

Savoy Hotel .... Apr. 9

UK COMPANY NEWS

Higher oil prices behind 16% rise at Ultramar

By Deborah Hargreaves

ULTRAMAR, the diversified oil and gas group, yesterday reported a 16 per cent increase in 1990 net profits to £119m, largely as a result of higher oil prices in the second half.

Mr John Darby, chairman, said the group was seeing an improvement in its refining operations in California and Canada this year, and was planning to increase gas production. He said the outlook for oil prices was extremely uncertain but that Ultramar would be happy with a price of around $20 to $21 a barrel.

The group continued to be adversely affected by the strength of sterling against the dollar, and its dollar results showed a 40 per cent rise for last year. Sales revenue was up slightly to £1.76bn for the year, compared with £1.76bn.

Earnings per share increased from 27.9p to 32.2p. The annual dividend is lifted by 17 per cent to 10.5p (9p), with a final of 7p. The share price dropped 11p to 340p. Group gearing rose by 4.5 percentage points to 78 per cent of shareholders' funds.

On a replacement cost basis which eliminated stock gains and losses, Ultramar's results looked weaker with operating profit dropping from £86.9m to £74m.

High oil prices encouraged record levels of output and the group increased production of oil and gas to an oil equivalent of 109,000 barrels a day from 104,800 b/d in 1989.

Mr Darby said the group was looking to raise gas production by 10 per cent from its Indonesian facilities this year and US gas output by 10 to 15 per cent. Its current gas production in the North Sea would double this year from 35,500 cubic feet a day when the Ravenspurn field comes into full production.

Ultramar currently received about three-quarters of its profit from downstream operations and the rest from production. Mr Darby said the group was looking to increase its upstream exposure over the *long-term by drilling for oil* and gas in the Seychelles, Syria, South Korea and equatorial Guinea.

See Lex

TVS sets up committee to defend franchise

By Raymond Snoddy

TVS Entertainment yesterday announced the setting up of an executive group with the task of trying to retain its south of England television franchise.

TVS ran into *serious* problems over its $320m purchase of MTM, the US production company, and recently Mr James Gatward, the TVS founding chief executive, left the company.

The company is also certain to face serious challenges for its southern franchise, which is one of the most lucrative in the country.

Mr Rudolph Agnew, the new chairman of TVS, will head the executive group.

It will also include Mr Tony Brook, managing director and deputy chairman, Mr Alan Boyd, director of broadcasting, Mr John Fox, director of sales, and Mr Clive Jones, former deputy director of programmes who has been appointed deputy managing director and director of regional programmes.

Talks are under way for the sale of MTM and once this is completed TVS Entertainment will in effect return to concen*trating on its core business;* TVS Television.

Granada and Border link to bid for Tyne Tees

By Raymond Snoddy

GRANADA TELEVISION is linking up with tiny Border TV to bid for the Tyne Tees Television franchise in the upcoming competitive tenders for new commercial television licences.

The Granada announcement *is the latest sign that the battle* for the new franchises is hotting up. Tyne Tees is emerging as one of the most popular targets with signs that as many as half a dozen rival bidders could be interested.

Under the bidding rules the north-east franchise is one of the few that a major ITV company *can bid for.*

Each ITV company can bid for a second franchise but, to prevent too great a concentration of power, large companies can only bid for small regions with which they do not share a border.

Tyne Tees is the largest of the "small" companies.

The Granada plan envisages that Border's director of programmes, Mr Paul Corley, who used to work for Tyne Tees, will put the bid together with Mr Stuart Prebble, director of regional programmes at Granada. The latter would be managing director if the bid succeeded.

Border, one of the smallest of the ITV companies, would be able to take a stake in the joint company that would run the north-east franchise.

Other bidders expected to go for Tyne Tees include Television North East and Northern Television – consortia put *together* by independent television production companies.

Mr David Reay, chief executive of Tyne Tees, said yesterday he liked the competition.

"I think they will all fail on the quality threshold for regional programming," he said. Bidders have to pass a programme quality test before *financial bids are considered.*

Last month Yorkshire Television paid £5.1m for a 19 per cent stake in Tyne Tees.

Mr Reay in turn is planning to bid for the franchise for another medium-sized regional ITV company.

● Mr Leslie Hill, managing director of Central Independent *Television, was yesterday* appointed chairman and chief executive of the company. He succeeds Mr David Justham who retires as chairman and a director of the company. Central also implied yesterday that it would not be applying for a second franchise but would concentrate on trying to retain *its existing franchise*, the second largest after Thames.

Pair of executives to resign at Kingfisher

By Clay Harris, Consumer Industries Editor

KINGFISHER, the retail group encompassing Woolworths, B&Q, Comet and Superdrug, is parting company with two executive directors as part of a management streamlining.

The company said yesterday that Mr Geoff Powell, chairman of B&Q and Comet, and Mr Vic Steel, chairman of Woolworth and Superdrug, had agreed to relinquish their positions after a smooth transition had been achieved, probably *within* weeks.

Mr Geoff Mulcahy, chairman and chief executive, said they would leave "on the friendliest of terms".

Managing directors of the four retail divisions and of the Chartwell Land property subsidiary will join the three remaining executive directors on a new management committee.

Mr Steel, 52, former head of Guinness' United Distillers subsidiary, joined Kingfisher in 1987. Mr Powell, 46, *former* managing director of Granada's UK rental and retail division, came in 1989. He played a key role in Kingfisher's bid for Dixons Group which was *blocked* by the Monopolies & Mergers Commission.

Mr Nigel Whittaker, corporate affairs director, said the two men had provided "air cover" for relatively new managing directors as they gained experience. Now, Kingfisher had decided to shorten lines of communication. The position *of a handful of support staff* was also under review.

"It makes sense to cut out what is in effect an extra bureaucratic layer," said Mr John Richards, County NatWest WoodMackenzie's retail analyst.

Both men were on three-year rolling contracts and *made more than £235,000*, including bonuses, in 1989-90. Mr Whittaker said: "We have agreed reasonable but not excessive compensation."

Kingfisher is due to report its results for the year to January 31 on March 27. "Nothing concerning the results can be inferred from these changes," *Mr Whittaker added yesterday.*

Ashley Ashwood

Mr Cyril Stein, Ladbroke chairman, (right) and Mr Peter George, vice chairman and joint managing director, at the new Langham Hilton hotel which opened earlier this week, writes David Churchill.

The Langham has been brought back to life by Ladbroke at a reported cost of over £80m, more than 50 years after it closed its doors to guests.

The hotel, situated in *Portland Place opposite the BBC's central London radio studios, has some 410 bedrooms, including 54 suites,* three restaurants and a bar.

Standard rooms are on offer at a special price of £150 a night, although the Royal Suite costs £1,000 a night plus VAT.

The hotel has opened during the worst time ever for London hotels as a result of the Gulf War and recession. Hotels, which are normally about 60 per cent full at this time of the year, have been only 30 per cent occupied in recent weeks. Business, however, is reported to be picking up now that the war is over.

Acquisitive ASH surges 43% to £33.2m

By Jane Fuller

A SERIES of acquisitions in late 1989 helped Automated Security (Holdings) to increase its pre-tax profit by 42.5 per cent to £33.2m in 1990.

The result, up from £23.3m in the year ended November 30 1989, included a full 12 months from API Alarms, in California, and Lander and Group 4 Alarms in the UK. Turnover shot up by 74 per cent to £200m (£114.7m) and trading profit improved by 79 per cent to £45m (£25.1m).

Interest paid multiplied more than three times to £14.7m (£4.2m) and year-end debt grew from £93m to £105m, giving gearing of about 84 per cent.

The increased number of shares in issue limited the growth in fully diluted earnings per share to 20 per cent, from 17.9p to 21.5p. This was helped by an *even lower tax rate* of 11.7 per cent (13.7 per cent).

All of the acquisitions were attached to the security systems division, which more than doubled trading profit to £38m (£18m) on turnover of £141.2m *(£79.1m). Mr Tom Buffett, chair*man, said organic growth was between 15 and 20 per cent.

Margins had been improved through rationalisation of the new and old businesses, including closing branches and reducing the number of control stations.

In loss prevention, a division which has been prepared for possible flotation, trading profit rose to £10.6m (£8.5m) on turnover of £58.9m (£33.9m). Margins had been eroded by start-up costs in the telesurveillance business, he said.

It had been hoped to float off 25 per cent of the loss prevention business, with the whole valued at more than £150m. But market conditions had moved against the plan. It would be reviewed after ASH gained a US listing, scheduled for May.

The group has, however, sold its 17.1 per cent stake in Gardiner, *another security company,* for £7.2m. It also intends to dispose of other investments with a value of about £17m, including a stake in Scantronic.

Mr Buffett said that growth would come from the enhancement of alarm systems via TVX, a tiny video camera developed by Edinburgh University; a till *monitoring* system to prevent thefts by shop staff; and the geographic expansion of API.

A final dividend of 3.1p makes a total of 4.9p (4.25p), a 15.3 per cent increase.

● COMMENT

Even though ASH has not made a significant acquisition since *September 1989*, it has continued to guzzle cash and will apparently go on doing so this year. Mr Buffett says: "We are not interested in acquiring this year, we have a lot on our plate." Nevertheless, debt is *expected to stay* at around £105m. It is a mercy that electronic security is not only a growing market, but one enhanced by a recession-fed rise in theft. Having got through the year of living dangerously in terms of high interest rates, interest cover should improve significantly this year. Pre-tax profit is forecast to rise to £39m, but earnings per share are again expected to grow more slowly. The prospective p/e is about 10 on yesterday's close of 232p. In spite of growth prospects and interest rate benefits, prudence suggests a close inspection of the forthcoming accounts, particularly the balance sheet, before judging the stock's attractiveness.

UK COMPANY NEWS

Chairman claims challenge imminent to industry pricing agreement

Pentos rises to £15m but warns on outlook

By John Thornhill

MR TERRY Maher, chairman of Pentos, the UK's second biggest book seller, yesterday claimed that some mainstream publishers were on the verge of publishing books on a non-net basis.

If this happened, he said, it would eventually lead to the abandonment of the Net Book Agreement, which sets minimum selling prices for most books. "Once these titles are published the NBA will wither on the vine."

However, Mr Maher has campaigned relentlessly for the abolition of the NBA and long forecast its demise, yet the agreement has rumbled on for many years.

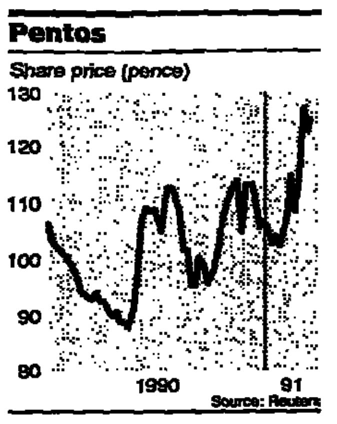
The Publishers' Association also pointed out yesterday that the NBA was flexible enough to allow publishers to choose to sell some books on a non-net basis without destroying the agreement as a whole.

Mr Maher made his comments while announcing a 21 per cent improvement in 1990 pre-tax profits from £12.5m to £15.1m. Sales grew by 20 per cent to £172.3m (£143.2m).

Book sales increased by 40 per cent during the year to £83.5m. The Dillons bookstores increased sales by 28 per cent – 10 per cent on a same shop basis – and the Hatchards and Claude Gill shops boosted sales in the three-month period in which they were included.

The Athena poster shops lifted sales by 31 per cent and Ryman, the stationery chain, saw an 8 per cent improvement.

In difficult market conditions the office furniture businesses recorded a 1 per increase in sales to £33.5m and operating profits grew by 6 per cent to £5.5m.



The recommended final dividend of 1.9p brings the total pay-out to 2.5p (2.2p).

Earnings per share, which were diluted by the rights issue to fund the £10.5m acquisition of the Hatchards and Claude Gill bookshops, rose to 9.8p (9.4p).

Commenting on prospects, Mr Maher said business, particularly in central London, had been badly affected by a combination of recession, cold weather, a fall in the number of tourists, and the uncertainty created by the Gulf war.

"We expect the market to continue to be difficult this year. It will be several months before we return to normality," he said.

● COMMENT

Reports of the death of the Net Book Agreement may or may not be premature, but Pentos's increasing strength in the book retailing business allows it to take advantage of the consolidation of the fragmented sector anyway. Underlying volume sales from its bookstores were encouragingly healthy in the first part of last year before external factors wrought their damage. Trading in the first two months of the current year has plainly been awful and this is likely to restrict growth in pre-tax profits this year; they may only move ahead to £17m. If so, earnings are likely to fall, making the prospective p/e ratio of 13 look rather high. But further out the group looks well placed to take advantage of any upturn. The company is financially sound, the office furniture business is proving surprisingly resilient, and Pentos is doing well to control costs, which by retailing industry standards are likely to show only modest rises this year.

Daily News unions meet Maxwell

By Nikki Tait in New York

UNION leaders of the New York Daily News yesterday turned up for their meeting with Mr Robert Maxwell, expressing optimism that a deal could be struck which would encourage the UK publisher to purchase the loss-making tabloid.

"Of course we're ready to give," commented Mr Tom Pennacchio, secretary of the Newspaper Guild. He declined, however, to specify what concessions might be on the table.

The British publisher was equally tight-lipped about the changes he is seeking. Confronted by the formidable barrage of reporters outside the Maxwell-owned Macmillan publishing house, Mr Maxwell refused to comment on the desired scale of any job cuts or wage concessions.

On Tuesday Mr Maxwell signed a letter of intent to buy the 71-year-old tabloid from the Tribune Company. But the publisher must now reach agreement with the unions whose strike has largely kept the publication off the streets since last October. If a deal cannot be struck, the Tribune has threatened to close the paper on March 15.

Employees' representatives, who welcomed Mr Maxwell's intervention on Tuesday, conceded that the British publisher had not always been the unions' best friend.

High interest and US loss behind setback at Emess

By Clare Pearson

PRE-TAX Profits of Emess, the lighting and electrical fittings group, were halved in 1990 from £18.7m to £9m, while fully-diluted earnings per share fell from 8.7p to 4.2p.

Mr Michael Meyer, chairman, described the performance as "unsatisfactory", notwithstanding the speed and severity of the recession in Britain and the US, which had "taken the group by surprise."

However, the final dividend is being maintained at 2.2p making 3.5p (3.4p) for the year. Turnover was 13 per cent ahead at £165.5m (£146.9m).

The pre-tax line benefited from a £2m exceptional gain. This comprised a profit on the sale of Royal Sovereign Group's stationery and graphics wholesaling business, offset by negative items including provision for money owed by the Iraqi government.

Mr Meyer said there were two main reasons behind the fall in profits. First, there was a turnround in net interest from £100,000 receivable to £3.7m payable.

Secondly, Alsy, the US residential portable lighting company, fell into a small loss after making just over £3m in the previous year.

Emess attributed this to the weak US economy exacerbated by a disruptive relocation of its principal manufacturing facilities from Long Island to Pennsylvania. Mr Meyer said the move had now substantially reduced fixed costs at Alsy.

On the outlook for the current year, the company was trading satisfactorily at present. "We'll just have to be very cautious," Mr Meyer said.

Aside from Alsy, all the businesses had been profitable.

● COMMENT

Emess is the kind of company that makes an excellent recovery play; the only problem is, it has already been discovered as such and consequently has achieved a dramatic 50 per cent resurgence in its share price since the start of the year. But investors should not forget the struggles ahead, particularly in the commercial lighting division, even though some improvement on the decorative side is in sight. Emess let cover slip sharply from its average historic level of 2.5 times to maintain the dividend this time; it is not at all certain it will feel able to make the same payment for 1991. Forecasting is exceptionally tricky, but another fall in pre-tax profits to about £7.5m seems a fair view. On a prospective p/e of over 13, the shares are a lot less attractive than they were a month ago.

More O'Ferrall pleases City in spite of 26% fall

By Clare Pearson

MORE O'FERRALL, the outdoor poster contractor, pleased the stock market yesterday even though it reported a 26 per cent fall in pre-tax profits from £13.09m to £9.71m for the year to end-December.

After a 54 per cent decline in profits in the first six months to £1.98m, the company managed to limit the second half decline to £7.7m (£8.8m).

Turnover increased by 8 per cent to £63.93m (£59.33m).

This was a slightly better performance than anticipated. Analysts were also cheered by a statement from Mr Russell Gore-Andrews, chairman, that demand for its media, which comprises illuminated panels for bus shelters and very large hoardings, was holding up well in the current year.

The final dividend is being maintained at 10p making an unchanged total for the year of 13.2p. The shares rose 30p to 261p yesterday.

After being hard hit by a sudden revenue shortfall in the first half, the fall in operating profits in UK and Ireland was contained to 14 per cent for the full year. Turnover was up 4 per cent at £42.4m.

Mr Gore-Andrews said overheads had been reduced, development costs curtailed and capital expenditure for the year cut back from a planned £19m to £10m. The final quarter also benefited from a 10 per cent increase in rates for bus shelter panels.

Gearing at the year-end amounted to 126 per cent although the company said debt had reduced since then, thanks to positive cash flow from operations.

Net interest payable rose to £3.27m (£1.96m). This was largely because of the £5.9m acquisition last March of the Belgian Visibility Group. It also reflected continued investment in developing advertising structures, albeit at the lower level of £10m (£14.8m).

Acquisitions help MTM advance 46% to £13.58m

By David Owen

MTM, the specialist chemicals group which last year bought Hardwicke Chemical as part of an aggressive thrust into the US, has reported a 46 per cent advance to £13.58m in annual profit, helped by both acquisition-related and organic growth.

The Cleveland-based company said that 63 per cent of the improvement came from acquisitions and the rest was generated organically.

In the year to end-December 1989, taxable profits reached £9.28m.

Mr Richard Lines, chairman and chief executive, said the group had had "no indications whatsoever of recession in our sector – long may it last."

He said 1991 would be a year in which MTM would "assimilate the gains of 1990" and "optimise" its assets and operations.

The group made five North American acquisitions in 1990, having attempted unsuccessfully in February to buy Chemoxy International, a fellow UK chemicals producer.

Turnover climbed 34 per cent to £85.41m (£63.73m).

The latest figures include one month's contribution from Hardwicke, the $112m (£59m) purchase of which almost doubled group capacity in higher-value fine chemical products.

Year-end debt amounted to just over £43m, producing gearing of 59 per cent. Mr Lines said that this was fractionally below expectation.

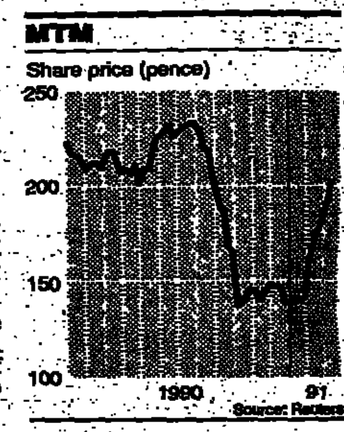
The Hardwicke deal was financed partly by a two-for-three rights offer to raise £49.5m.

The group derived 44 per cent of its turnover from the UK last year, with a further 27 per cent coming from the US and 29 per cent from elsewhere.

This year, the US portion is expected to rise to 38 per cent, with the UK suffering a corresponding decline to 32 per cent.

Earnings per share rose 16 per cent to 19.5p (16.8p). A final dividend of 3.4p (2.8p) was recommended, making a total of 5.1p (4.2p).

The shares, which have recovered much of the ground lost during the second half of last year, climbed a further 7p to 202p.



NEWS DIGEST

North Sea safety helps MTL

THE BUILDING of new North Sea oil and gas platforms and safety improvements to existing installations helped MTL Instruments report a 23 per cent rise in 1990 pre-tax profits.

The North Sea was the main factor behind a strong UK market. The USM-quoted safety products company said there had also been rapid success for the recently-established companies in Australia and India.

Taxable profits were £2.77m (£2.08m) on turnover 18 per cent ahead at £14.05m (£11.85m). The pre-tax figure was struck after interest received of £743,000 (£527,000).

Earnings per share came out at 13.69p (11.34p). A final dividend of 1.6p is proposed for a total of 2.8p (2.4p).

Trading conditions cause fall at Gaskell

"Extremely difficult trading conditions", increased interest charges and an exceptional charge of £246,000 conspired to force pre-tax profits at Gaskell down from £2.14m to £1.33m in the year to December 31.

Mr Edward Andrew, chairman of this carpet and non-woven textiles manufacturer, said that turnover rose 7 per cent to £40.32m (£37.64m) but that trading profits fell 12 per cent to £2.44m (£2.76m). Interest charges rose to £868,000 (£626,000) and the exceptional charge related to the closure of two factories, due in 1991.

Explaining the results, Mr Andrew said that in the second half, and particularly the last quarter, the company had faced declining demand causing disappointing profit figures.

Earnings per share dropped to 16.1p (27.9p) but the final dividend is maintained 5.5p for a total of 8.5p (8.3p).

Small advance to £5.3m at Mucklow

A&J Mucklow, principally engaged in industrial and commercial property investment and development, slightly improved its pre-tax profit from £5.17m to £5.3m in the half year to December 31 1990.

During the last few months conditions had deteriorated and demand weakened, said Mr Albert Mucklow, chairman. In spite of that, letting rates were being maintained and appreciable benefit was coming from rent reviews.

In the period net rental income was £6.93m (£5.69m) and investment income £721,000 (£337,000). But trading profit fell to £839,000 (£1.17m). Earnings came to 3.78p (3.77p) and the interim dividend is 2.565p (2.23p).

Because of market conditions developments for this year at Tipton, Wednesbury and Edgbaston had not yet started.

Pict more than doubles to top £3m

The relatively high oil price and "excellent production performance" of the Ivanhoe/Rob Roy and Claymore Fields has enabled Pict Petroleum, the independent oil exploration company, to produce record figures.

For the half-year ended December 31 1990 it pushed up net profit from £1.34m to £3.13m, on turnover increasing from £4.46m to £7.06m. Earnings per share worked through at 8.49p, against 3.64p.

Peter Everett: performance not expected to be repeated

However, that performance could not be expected to be repeated, said Mr Peter Everett, chairman. Good production levels should be maintained for the first half of 1991, but the oil price, and particularly its sterling value, was much more of a problem.

Considerable progress had been made with the development of the Scott Oil Field, and first production was expected in late 1993.

Principal Hotels makes £841,000

Interim figures to December 31 1990 from Principal Hotels show, for the first time, the group as primarily a hotel operator.

From turnover of £11.05m the pre-tax profit came to £841,000. Previously, turnover was £11.57m and profit £425,000, but included £4.47m and loss £21,000 respectively for discontinued activities.

The results reflected the maturing and repositioning of what was a relatively new portfolio of hotels. Occupancy level in Europe was 76.86 (72.83) per cent and in the UK 61.81 (56.07) per cent.

Earnings per share were 1.96p (1.67p). There is no interim dividend (1p) because of the deficit in reserves; but application was being made to the Court to eliminate that.

The accounting date is being changed to October 31 and the current period will cover 16 months. A second interim statement to cover June will be issued.

JN Nichols (Vimto) reduced to £7.1m

Lower pre-tax profits of £7.1m compared with £8.15m were announced by JN Nichols (Vimto), the soft drinks and confectionery group, for 1990.

On turnover little changed at £49.88m (£49.73m) operating profits were £6.75m (£6.15m). However, the taxable result last time was boosted by a £1.56m gain on disposal of investments.

Earnings per share fell to 28.5p (31.2p) but the proposed final dividend is lifted to 5.7p (5p) for an 11p (10p) total. Excluding the investments disposal, earnings last time were 24p.

Static profits of £5.4m at Renishaw

Renishaw, maker of precision metrology and inspection equipment, held its pre-tax profit at £5.43m in the half-year ended December 31, against £5.4m.

Mr David McMurty, chairman, said the results were pleasing since the slowdown in many countries' economies had severely affected the traditional co-ordinating measuring machine market.

Turnover came to £22.14m (£22.11m), but the underlying growth was 10 per cent after stripping out currency movements and discontinued businesses. Europe was beginning to pay off, with business there moved up to £1.36m (£978,000).

Earnings per share were 7.64p (7.63p) and the interim dividend is 2p (1.8p).

Referring to the successful patent infringement action the chairman said settlement had been agreed for all countries except the US, where appeals had not been completed.

Murray Intl assets decline

Murray International Trust had a net asset value of 210.2p at the December 31 year-end, a decline of 76.8p on the figure standing 12 months earlier.

Available revenue worked through at £13.33m (£14.07m) after taking account of an increased tax charge of £5.07m (£3.59m). Earnings per share emerged at 11.26p (11.89p), or at 11.09p (11.7p) assuming full conversion of the B ordinary shares.

A recommended final dividend of 3.36p makes a 10.2p (9.2p) total.

Aukett Associates maintains progress

In spite of the well-publicised downturn in the UK construction industry, Aukett Associates looks set for another year of progress, shareholders were told at the annual meeting yesterday, writes Peter Franklin.

Mr Michael Aukett, the chief executive of this integrated architecture, design and engineering consultancy, said that while he had to take a cautious stance he was optimistic that last year's 37 per cent growth would be maintained in the current year.

Commissions in the UK, including those with existing customers such as J Sainsbury, Marks and Spencer and Sun Alliance, continued to come in.

Aukett's investment in continental Europe was beginning to pay off, with business there gathering pace – three significant appointments had been received since the annual results in January, he said.

Pacific Prop net asset value falls 40%

At the end of the six months to December 31 Pacific Property Investment Trust saw net asset value per share fall 40 per cent from 89p to 53.66p.

The directors pointed out however, that due to a strong recovery since in major markets nav had risen to 43.47p.

The first half results were depressed by currency factors as the majority of the trust's investments are in dollar-linked currencies.

Pacific's property investments break down to 27 per cent in Hong Kong, 24 per cent in Singapore, 20 per cent in Malaysia, 8 per cent in Indonesia and 11 per cent in the Thai market.

Lack of defence recovery hits MS

Confirmation by MS International that its results for the year to the end of April would show a considerable fall on the previous year left its shares 13p lower yesterday at 40p.

Mr Michael Bell, chairman and chief executive, said that there had been no recovery in its defence business and the protracted recession had led to lower sales and pressure on margins.

At the interim stage, when first half profits were lower at £145,000 (£1.2m), Mr Bell said that the defence business had been hit by the Ministry of Defence's severe purchasing restraint.

COMMODITIES AND AGRICULTURE

Tin price slide claims another big victim

By Kenneth Gooding, Mining Correspondent

"EVERY TIN producer in the world except for some *garimpeiros* (Brazilian wild cat miners) is operating at a loss," suggested Mr Andy Shaw, analyst at the Metals & Minerals Research Services consultancy organisation, yesterday.

He was speaking after another important mine fell victim to the present severely depressed tin prices. These are certainly at their lowest level since the end of the second world war and possibly in real terms since tin mining first began.

The Renison tin mine at Zeehan, Tasmania, closed yesterday after management and unions failed to agree on a proposed cost-cutting rationalisation plan. It was put on to a care and maintenance basis.

Mr Campbell Anderson, managing director of Renison Goldfields Consolidated, said his company expected tin prices to remain depressed "in the medium-term" until surplus stocks were absorbed.

Mr Shaw of MMRS said that the huge stockpile of tin, which is weighing heavily on the market, would be steadily whittled away this year but thought metal's price would not benefit until 1992 and 1993.

Prices have languished below the average production costs of all but the wild cat tin miners for many months and are now causing extreme problems around the world. For example:

● At least nine tin mines have been shut in Brazil, now the world's largest producer. Output from the biggest Brazilian *garimpeiro* operation, the Bom Futuro mine, which produced 29,000 tonnes of tin in its peak year (1989), is expected to fall to under 13,000 tonnes this year.

● PT Tambang Timah, the state-owned group which is responsible for 80 per cent of Indonesia's tin production, said it would cut its workforce of 24,000 by half in an effort to reduce costs.

● Malaysia's tin workforce dropped from 5,307 to 2,897 between January and December last year. In January 175 gravel pumps were producing tin. By October the number was down to 95.

● Work stopped last month at the UK's last two tin mines. The Wheal Jane mine has been shut and the South Crofty mine nearby has been put on to a care and maintenance basis after the British Government withheld promised financial support because of the poor tin market conditions. More than 400 jobs will be lost as a result.

● In Indonesia the world's two biggest tin smelters said yesterday that the loss of tin concentrate material from Renison in Australia would give them severe problems. Datuk Keramat Smelting and Malaysia Smelting Corporation, which process all of Renison's output, are already working at only between 70 and 80 per cent of capacity because low prices has reduced supplies of concentrate.

● RTZ Corporation's Capper Pass tin smelter in the north of England is to close with the loss of all 489 jobs, also because low prices are starving it of suitable feedstock.

The result of these cuts – and numerous others throughout the industry – should be to reduce tin production this year to between 150,000 and 155,000 tonnes, said Mr Shaw of MMRS. Output had already come down from 172,000 tonnes in 1989 to 160,000 tonnes last year.

Brazil would account for much of the reduction, with production expected to drop to 32,000 tonnes this year from 50,000 tonnes in 1989 and 38,000 tonnes last year. Smuggling of tin in concentrate from Brazil – one of the main factors disturbing the market – might fall to only 3,000 tonnes in 1991 from 10,000 tonnes last year, Mr Shaw suggested.

Tin consumption had remained relatively stable and was likely to show its recession-proof tendencies again this year, he said. MMRS estimated that consumption last year fell by about 1,000 tonnes to 180,000 tonnes and would probably remain roughly at that level in 1991.

If these forecasts were accurate, western world tin stocks would fall this year by 10,000 tonnes to 35,000 tonnes – still equivalent to a hefty 2.7 months supply.

The tin industry's present difficulties date back to the early 1980s when rampant smuggling, mainly in south east Asia, fed a supply surplus that eventually resulted in October 1985 in the collapse of the International Tin Council's efforts to support the tin price. When the ITC ran out of funds it had about 120,000 tonnes in its stocks, enough to keep consumers satisfied for nine months.

The seven members of the Association of Tin Producing Countries (Malaysia, Indonesia, Thailand, Bolivia, Australia, Zaire, and Nigeria) attempted to whittle away at stocks via an export quota system. The other two big tin producers, Brazil and China, also played their part.

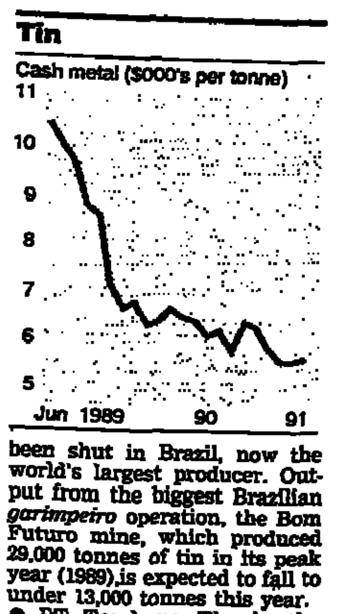
The ATPC aims to reduce exports by another 6 per cent in 1991 to 95,849 tonnes. But low prices have been much more effective in cutting tin output. So much so that few of the ATPC countries or Brazil are likely to meet their quota this year.

Mr Shaw said that some 65 to 75 per cent of tin today was produced at a loss. The average cost of producing tin in the formal mining sector was roughly US$2.80 a lb compared with last night's London Metal Exchange cash price of US$2.51 a lb. Companies in Asia that dredged gravel beds for tin had operating costs of nearly $4 a lb.

More than 90 per cent of Australia's tin output of 7,500 tonnes last year was accounted for by Renison. Now that it has closed down its tin mine, Australia is unlikely to meet its 1991 export quota of 6,937 tonnes.

Renison, which is 49 per cent owned by Hanson, the Anglo-American conglomerate, aimed to remain in business by cutting costs by eliminating 100 of the 348 jobs at its Zeehan mine and reducing annual output by 2,000 tonnes.

Analysts suggested last night that Renison's decision to close the mine might have been a tactical ploy to bring the unions to heel. The company said yesterday it was reviewing "all technical and commercial options" that would enable costs to be cut sufficiently for the mine to be re-opened.



Cuba opens its oil fields to foreign prospectors

By Tim Coone

CUBA HAS broken with a 31-year-old tradition and contracted a foreign oil company to begin offshore exploration work along its northern coast.

The six-year contract was quietly signed last December with a French consortium consisting of Total, the French oil major, and Compagnie Europeenne des Petroles. Exploration is due to begin this year and the consortium has undertaken to carry out 1,800 sq km of seismographic survey and to drill four exploratory wells in the Santa Clara area off Cuba's northern coast.

Financial details of the contract have not been revealed, but according to a Cuban diplomat: "If oil is discovered in commercial quantities there will be benefits both for the company and for the Cubans".

The contract is a "production partnership agreement" with Union del Petroleo de Cuba. British Petroleum has held informal discussions with the Cubans and other European oil companies are also reportedly interested, although the issue of political risk is apparently holding them back. US companies are barred from trading with Cuba under US government regulations dating back to the 1960s.

The Cuban government began putting out feelers to foreign oil companies last year, when it became clear that the Soviet Union was no longer willing to underwrite Cuba's huge energy deficit and to maintain oil deliveries to Cuba at existing levels.

At present Cuba produces only about 5 per cent of its annual oil needs of some 10m tonnes a year. Production comes mostly from small onshore wells located close to the coastline 100 km to the east of Havana. The remainder it must import from the Soviet Union. The Soviets had been supplying 12m to 13m tonnes annually under the five-year plan which expired last December, but began to cut back deliveries six months ago as economic difficulties mounted at home and to impress upon the Cubans that they must become more self-sufficient and less dependent upon Soviet economic support.

Cuba sold the oil surplus to its needs on the spot market, bringing in much-needed hard currency of some $300m to $500m per year. Soviet trade officials have been warning for the past year though that such arrangements could not continue and that future trade agreements would have to be set at world market prices.

In the past Cuba bought Soviet oil cheaply, and sold sugar to Moscow at prices averaging four to five times the world market level.

Earlier this year the two countries scrapped the former five-year plan format and signed a one-year transitional trade agreement that is intended to ease the shift to market prices. Under the terms of the new deal, the Soviet Union will only supply Cuba with 8m tonnes of crude oil and 2m tonnes of derivatives in 1991, at a crude price of about $20 a barrel. Moscow will import 4m tonnes of sugar from Cuba at an average price of 24 cents a lb, about two-thirds the level of previous years but still well above spot market prices. These two changes alone will slash about $1.5bn from Cuba's foreign exchange earnings this year. Cuba will also in future have to ship its own sugar instead of relying upon the Soviet merchant fleet.

Not all is on the downside for the Cubans however. Exports from the high-technology and high added value areas of Cuban industry, such as biotechnology and medical equipment grew dramatically last year with a spate of new orders, jumping to about $800m according to the Cuban Embassy in London. The Centre for Genetic Engineering in Havana, completed three years ago at a cost of $110m, is claimed to be the most advanced biotechnology centre in Latin America. Along with oil exploration, it is seen by the Cuban government as a strategic area for the country's economic development.

Sierra Leone arrests unlicensed French trawler

By William Pearson

THE SKIPPER of the French fishing-boat "Marsouin" was caught with his nets down this week 90 miles south-west of Freetown. His crew, and his boat, a 600-tonne trawler out of Concarneau, were arrested by the Sierra Leone fishery patrol vessel "Maritime Protector" for operating without a licence, and escorted back to the capital. The skipper faces the confiscation of his boat, his gear and his catch: £312,750-worth of prime tuna – always assuming the government prosecutes.

Such an event would attract little attention if it happened in UK waters: but for it to happen off the coast of an African country is little short of stupendous. It may well be the first time. For years African coastal waters, and in particular the teeming fishing grounds off West Africa, have been a free-for-all for hordes of unlicensed foreign fishermen – and there has been little that countries like Sierra Leone have been able to do about it. They lacked a boat with a trained crew, good radar, good communications and good operational management. Now though it looks as though the days of the free catch may be over, in Sierra Leone waters at least.

How has this unprecedented change come about? The "Maritime Protector" is operated by a joint venture company, Maritime Protection Services Sierra Leone, majority-owned by the government, the remainder by a group of UK investors, and managed by Macalister Elliott & Partners of Lymington. Since the vessel started operating in January 1991, the number of illegal fishing boats working the country's coastal shelf has declined steeply.

Macalister Elliott estimates that some $250m worth of fish was "exported" from Sierra Leone in 1990, from which the government received no revenue whatsoever. This year, it expects to receive some $10m in fees and royalties – not bad for the first year under the new system. This new income must be welcome to an administration somewhat short of foreign exchange, even now in the throes of another IMF economic restructuring.

Sierra Leone is having to fight for a reasonable return from its commodities.

The country's waters are rich in fish stocks across the board, from the most lucrative, like shrimp and lobster, through grouper, snapper, sole, tuna, the cephalopods (squid, octopus) and on into herring. The Soviets alone had no less than 100 trawlers operating in the region last year, with attendant mother ships, scooping up most of what swims.

Ivory Coast plans cocoa and coffee moves

THE IVORY Coast government said yesterday that it was to restructure its cocoa and coffee marketing system, but gave no immediate details of the change, reports Reuters from Abidjan.

A statement published in the daily Fraternite Matin said Ivory Coast would not discard its strategy of protecting farmers' income against world market fluctuations. But huge losses over the past three years by the Caisse de Stabilisation (Caistab), the state commodities marketing board, meant reform was needed.

"The cabinet has therefore authorised the restructuring of the [price] stabilising system," the statement said.

The economy of the Ivory Coast has slumped in the past few years as successive seasons of oversupply have slashed world prices for its two main exports.

The government statement said the reorganisation would aim to maximise Ivory Coast's coffee and cocoa earnings and production potential, cut Caistab costs and ensure adequate prices for farmers.

US boosts recycling rate for aluminium cans

By Kenneth Gooding

ALUMINIUM strengthened its claim to be a "green" or environmentally friendly metal in the US last year when the aluminium beverage can recycling rate rose from a record 60.8 per cent in 1989 to 63.6 per cent. The value to used can collectors was about US$900m.

Last year 54.9bn aluminium beverage cans were recycled in the US, 5.5bn more than in the previous year. Trade associations that compiled the statistics claimed yesterday that this diverted 1.93bn lbs of the metal from the solid waste stream.

The aluminium can recycling rate in the US first passed the 50 per cent mark as recently as 1987. Mr Michael Dunn, president of the Can Manufacturing Institute, said: "In just four years we have gone from recycling one in two cans to nearly two in every three. In another few years aluminium cans will have all but disappeared from the nation's solid waste stream".

According to Mr Dunn, the US now had more than 10,000 privately operated buy-back centres and more than 2,400 municipal or county kerbside recycling programmes for aluminium cans and other waste materials.

Aluminium's initial relatively high cost makes recycling financially worthwhile and aluminium cans are particularly suitable because there is no doubt about the quality of the metal content. They save the manufacturers money because producing primary aluminium from recycled material uses 95 per cent less energy than making metal from ore.

Since aluminium recycling began in the US 20 years ago 415bn cans weighing 10m tonnes have been recycled, earning collectors about $5bn.

● In the UK the aluminium can recycling rate rose to 9.5 per cent last year, said the Aluminium Can Recycling Association. The number of UK recycling centres had increased from 24 in 1988 to 320 while 163 local authorities had registered for aluminium can recycling programmes and more than £2m of new money was paid last year to schools, charities and other recycling groups.

Britain's Milk Marketing Board submits programme for reform

By David Blackwell

THE UK'S milk Marketing Board, which has a monopoly on milk supplies for England and Wales, has set off along the road towards becoming a voluntary co-operative and ending statutory powers which go back to 1933.

The board, which has struggled for the past year or more to come up with a programme for reform, has submitted its plans to the Minstry of Agriculture. Mr John Gummer, the minister, welcomed the proposals, saying that he would "seek to facilitate the necessary steps to pave the way."

Mr Bob Steven, chairman of the MMB, could give no timetable for change. Once the proposals have been agreed with the Ministry, they will go the European Commission in Brussels. Then they will come back to the UK, and will be put to a referendum of the 31,500 dairy farmers who supply 82 per cent of the total UK market.

The process is likely to take many months. Meanwhile, Mr Steven insisted, the milk marketing scheme would be "vigorously upheld."

The plan envisages a vertically integrated co-operative having control of Dairy Crest, the MMB's manufacturing arm, which has 25 per cent of the UK market for dairy products. The co-operative would take over the business, assets and liabilities of the MMB.

Mr Steven described the plan as a major step forward. "It was a unanimous decision of the board, and I believe we can look forward to a positive response from the government." However, he stressed that the proposals were outline only. No changes would be made until the terms and the timing were right. Producers would be recommended to become a co-operative only when it was seen as clearly in producers' interests.

Mr Andrew Dare, president of the Dairy Trade Federation, which represents 300 UK dairy companies, welcomed the move away from a statutory body, but said the federation was opposed to a voluntary monopoly. "We would welcome change and a free market, but we don't want to be landed with buying from a monopoly supplier," he said yesterday.

WORLD COMMODITIES PRICES

MARKET REPORT

London cocoa prices came under pressure from profit taking. Dealers said Far Eastern producers, Brazil and the Ivory Coast all seemed to have taken advantage of the rise in prices during the last couple of days. However, a leading UK trade house continued to be one of the main buyers amid speculation that it could be involved in a deal with the Soviet Union. Freight futures closed mixed after the BFI rose to 1,757, a record high. It has now risen daily since January 30 by a total of 278 points. The April contract hovered around the 50 point limit up for most of the day before easing to close 29 points higher. On the LME three-month zinc struggled to stay above $1,200 a tonne. Good trade selling this week has generally satisfied the fairly widespread buying interest which had developed in anticipation of a break above $1,225. Yesterday buying against activity in the options market prevented the break below $1,200 in the morning but by the end of the afternoon the support was looking shaky again, traders said. In Chicago, pork bellies were sharply ahead and live hogs were limit up at midday on steady buying from meat packers.

Compiled from Reuters

London Markets

SPOT MARKETS

		+ or -
Crude oil (per barrel FOB)		
Dubai	$14.85-5.05z	+.175
Brent Blend (dated)	$19.55-9.65	-0.25
Brent Blend (April)	$19.20-9.25	-0.15
W.T.I. (1 pm est)	$19.80-9.85z	-0.20
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$228-230	-5
Gas Oil	$209-211	-10
Heavy Fuel Oil	$71-73	-1
Naphtha	$215-219	-2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$366.65	-2.00
Silver (per troy oz)♣	393.50c	
Platinum (per troy oz)	$401	+2
Palladium (per troy oz)	$94.10	+1.35
Aluminium (free market)	$1540	
Copper (US Producer)	116c	
Lead (US Producer)	50c	
Nickel (free market)	465c	+7
Tin (Kuala Lumpur market)	14.81r	
Tin (New York)	269c	
Zinc (US Prime Western)	63c	
Cattle (live weight)†	108.61p	-0.36*
Sheep (dead weight)†	199.10p	+9.44*
Pigs (live weight)†	87.71p	-0.57*
London daily sugar (raw)	$233.0w	-3.6
London daily sugar (white)	$312.0w	
Tate and Lyle export price	£231.0	+2.5
Barley (English feed)	Unq.	
Maize (US No. 3 yellow)	£172	
Wheat (US Dark Northern)	£93	
Rubber (Apr)♥	48.50p	
Rubber (May)♥	49.00p	
Rubber (KL RSS No 1 Apr)	226.0m	
Coconut oil (Philippines)§	$370q	-2.5
Palm Oil (Malaysian)§	$307.5x	-2.5
Copra (Philippines)§	$227.5	
Soyabeans (US)	£148.5	
Cotton "A" index	84.35c	-0.75
Woollops (64s Super)	530p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-May/Jun. s-Apr. w-Mar/Apr. z-Jan/Feb. x-Apr/Jun. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
May	209.60	208.20	211.00	204.80
Aug	208.20	204.00	209.00	202.80
Oct	202.00	200.00	203.60	197.20
Mar	193.00	192.00	194.80	192.00
May	195.60	195.60	192.20	192.20
Aug	196.60		203.00	
White	**Close**	**Previous**	**High/Low**	
May	307.5	305.0	309.0	303.5
Aug	306.0	303.4	305.0	302.0
Oct	280.0	278.0	281.5	278.0
Dec	276.0		275.5	275.5
Mar	280.5		270.0	

Turnover: Raw 1537 (1242) lots of 50 tonnes. White 583 (510)
Paris- White (FFr per tonne): Aug 1617, Oct 1484.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Apr	18.67	19.22	19.25	18.65
May	18.08	18.44	18.50	18.05
Jun	17.85	17.88	17.95	17.85
Jul	17.45		17.60	17.45
IPE Index	19.25	19.56		

Turnover 12318 (21323)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Mar	180.75	197.75	194.75	188.75
Apr	174.75	175.50	175.00	172.25
May	168.00	167.25	168.50	163.50
Jun	165.00	164.00	165.75	161.50
Jul	164.75	166.25	165.00	161.50
Aug	167.00	168.75	167.00	163.00
Sep	169.00	169.25	168.00	
Oct	170.00	169.75	170.50	

Turnover 10439 (8108) lots of 100 tonnes

FRUIT & VEGETABLES

Juicy oranges from Jaffa, Spain, Greece and Morocco are abundant this week with Navel and Shamouti varieties at 5-28p each (5-28p). Grapefruit are excellent at 18-35p each (14-38p). Milder weather this week has brought some vegetable prices down particularly cauliflower at 75-60p each (60-£1.30), carrots at 15-25p a lb (25-30p). Parsnips at 25-30p a lb (25-45p) and swedes at 20-25p a lb (20-25p). English onions at 15-25p a lb (15-25p) and potatoes at 8-15p a lb (8-15p). Broccoli is also a good buy at 75p-£1.20. Cucumber has dropped in price to 45-65p each (50-70p) along with round lettuce at 35-45p each (40-50p).

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Mar	670	656	657	649
May	674	682	685	672
Jul	701	709	710	697
Sep	722	729	730	718
Dec	745	753	754	743
Mar	770	778	778	767
May	789	792	795	792

Turnover: 3894 (17690) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 6 699.18 (682.77) 10 day average for Mar 7 651.84 (645.68)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low	
Mar	549	544	552	540
May	569	565	572	563
Jul	582	578	586	576
Sep	594	590	600	592
Nov	606	615	616	608
Jan	626	624	631	625
Mar	642	643		

Turnover: 3661 (7610) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 6 Comp. daily 73.64 (72.27), 15 day average 72.40 (72.09)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
Apr	131.4	134.1	132.0	128.5
May	164.9	167.0	167.4	161.0

Turnover 266 (595) lots of 40 tonnes.

SOYABEAL – London FOX £/tonne

	Close	Previous	High/Low	
Apr	118.50	118.00		
Jun	114.00	116.00	114.50	114.00
Oct	120.00		120.00	

Turnover 100 (300) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Mar	1721	1730	1740	1725
Apr	1589	1560	1610	1574
Jul	1199	1215	1240	1200
Oct	1290	1286	1320	1299
Jan	1318		1325	
BFI	1757	1744		

Turnover 939 (1000)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
Mar	129.65	130.20	129.75	
May	132.35	132.75	132.75	132.25
Jul	134.25	134.90	134.75	134.20
Nov	112.60	112.60	112.60	
Barley	**Close**	**Previous**	**High/Low**	
Mar	119.65	120.25	119.65	
May	122.45	123.60	123.00	122.50
nov	110.50	110.50		

Turnover: Wheat 356 (628), Barley 102 (82). Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	112.0	112.5	111.5
Jul	110.0	110.0	
Jun	110.0	110.0	

Turnover 35 (40) lots of 3,250 kg

	Close	Prev.	High	Low	Vol
Index	158.21	158.01			
Mar	158.20	157.10	158.60	156.20	15
Apr	157.60	157.30	157.80	157.20	60
May	157.60	157.50	157.40		50
Jun	157.00	157.60	157.20		16
Sep	157.00	157.60	157.00		56
Dec	157.00	157.60	157.50		71
Mar	157.00	157.10	157.00		50

TRADED OPTIONS

Coffee	May	Jul	May	Jul
500	71	48	2	17
550	32	23	13	40
600	11	10	42	79
Cocoa				
600	76	69	5	10
650	42	40	19	32
700	19	22	46	71
Brent Crude	**Apr**	**May**	**Apr**	**May**
1900	20		35	
2000	10	25	85	
2100			195	

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 12,347 lots	
Cash	1534-5	1543-5		1536-7		
3 months	1565-6	1575-6	1568/1564	1568-7	1567-8	41,978 lots
Copper, Grade A (£ per tonne)					Total daily turnover 18,092 lots	
Cash	1287-8	1291-2	1288/1284	1284-4.5		
3 months	1295-6	1300-0.5	1298/1291.5	1292-3	1297-8	43,215 lots
Lead (£ per tonne)					Total daily turnover 2,704 lots	
Cash	318.5-20.5	317-9	318/316	316-8.5		
3 months	331.5-2.5	330-1	332/328	329-9.5	333-3	14,411 lots
Nickel ($ per tonne)					Total daily turnover 1,542 lots	
Cash	8450-60	8390-410	8450/8445	8445-55		
3 months	8435-40	8385-90	8450/8410	8450-75	8425-35	7,594 lots
Tin ($ per tonne)					Total daily turnover 887 lots	
Cash	5640-50	5665-70	5547/5547	5545-7		
3 months	5640-5	5665-70	5655/5640	5638-42	5640-5	5,760 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 6,627 lots	
Cash	1212-4	1218-20	1215/1215	1215-6		
3 months	1209-10	1209-10	1212/1202	1210-1	1201-3	19,107 lots

LME Closing £/$ rate: SPOT: 1.8850 3 months: 1.8629 6 months: 1.8399 9 months: 1.8239

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	366.40-366.90	
Opening	365.75-366.25	
Morning fix	366.25	193.292
Afternoon fix	366.50	193.864
Day's high	366.90-367.30	
Day's low	365.70-366.10	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.72	6 months	5.34
2 months	5.50	12 months	5.25
3 months	5.49		

Silver fix	p/fine oz	US cts equiv
Spot	206.80	390.75
3 months	213.15	397.20
6 months	219.00	403.75
12 months	230.15	417.35

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	367.00-368.00	194.25-194.75
Maple leaf	378.00-379.00	200.00-200.50
New Sovereign	88.00-90.00	47.00-47.50

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	366.9	365.9	0	0
Apr	368.0	367.5	369.3	367.0
May	370.2	369.2	0	0
Jun	371.5	370.9	372.5	370.3
Aug	375.0	374.1	375.8	374.0
Oct	378.3	377.5	0	0
Dec	381.8	381.0	382.2	380.5
Feb	385.1	384.7	0	0
Apr	389.0	388.2	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	387.3	386.8	389.0	386.0
Apr	389.0	388.5	0	0
May	400.5	391.0	403.5	390.0
Jul	406.7	398.0	408.5	395.0
Sep	411.8	401.0	412.5	401.5
Dec	418.3	408.4	420.4	407.0
Jan	421.2	410.1	0	0
Mar	427.2	416.2	420.5	416.0
May	433.0	421.7	427.0	427.0
Jul	438.5	427.1	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	111.45	111.70	111.90	111.00
Apr	110.40	110.50	110.80	110.80
May	109.75	110.10	110.20	109.20
Jun	108.80	108.90	109.00	108.70
Jul	108.00	108.10	108.25	107.70
Aug	107.35	107.45	107.40	107.40
Sep	106.70	106.80	106.90	106.55
Oct	105.95	106.25	0	0
Nov	105.60	105.65	0	0
Dec	105.20	105.30	105.50	105.10

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar 7	Mar 6	mnth ago	yr ago
1707.7	1705.5	1655.2	1908.0

DOW JONES (Base: Dec. 31 1974 = 100)

	Mar 6	Mar 5	mnth ago	yr ago
Spot	125.82	125.74	122.17	132.95
Futures	130.63	130.67	126.17	134.84

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	400.5	401.1	403.5	399.0
Jul	404.5	405.1	406.5	404.0
Oct	408.4	408.9	409.5	408.0
Jan	411.9	412.4	410.0	410.0
Apr	416.7	417.2	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Apr	19.58	19.73	20.03	19.46
May	19.27	19.51	19.73	19.17
Jun	18.99	19.24	19.39	18.90
Jul	18.78	19.02	19.12	18.75
Aug	18.55	18.80	19.01	18.65
Sep	18.70	18.89	19.00	18.70
Oct	18.75	18.81	18.90	18.75
Nov	18.86	18.94	18.95	18.82
Dec	18.93	18.97	19.15	18.85
Jan	18.86	18.97	19.15	18.86

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Apr	5570	5805	5680	5530
May	5300	5336	5400	5270
Jun	5175	5191	5250	5145
Jul	5160	5179	5220	5125
Aug	5250	5244	5300	5200
Sep	5390	5389	5450	5350
Oct	5500	5483	5600	5450
Nov	5600	5578	5610	5550
Dec	5700	5669	5700	5640
Jan	5870	5669	5700	5670

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1170	1171	1170	1155
May	1200	1201	1205	1182
Jul	1230	1229	1233	1212
Sep	1256	1257	1260	1243
Dec	1282	1296	1297	1281
Mar	1335	1331	1334	1315
May	1358	1355	1346	1345
Jul	1387	1385	1371	

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	93.40	94.30	94.00	92.90
May	95.60	95.85	96.00	94.80
Jul	97.60	97.70	97.95	96.80
Sep	99.25	99.60	99.75	98.60
Dec	102.05	102.00	102.40	101.40
Mar	104.55	104.65	104.25	104.25
May	106.40	106.25	0	0
Jul	108.00	108.00	105.00	

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	9.46	9.32	9.52	9.20
Jul	9.18	8.92	9.24	8.92
Oct	8.97	8.80	8.98	8.70
Mar	8.60	8.61	8.70	8.50
May	8.63	8.61	0	0
Jul	8.68	8.70	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	84.70	85.20	85.40	84.45
Jul	84.10	84.45	84.50	83.60
Oct	77.18	76.80	77.40	76.80
Dec	71.25	71.25	71.40	70.90
Mar	68.61	67.80	68.80	67.80
May	68.20	67.65	68.30	67.70
Jul	68.55	68.00	68.35	68.25
Oct	68.35		0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	114.90	116.10	117.40	114.10
May	115.25	115.15	116.90	112.10
Jul	113.25	115.30	116.10	112.60
Sep	113.45	116.35	118.20	113.55
Nov	112.75	115.00	115.00	115.00

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	592/0	593/6	596/0	590/0
May	601/4	603/0	605/6	599/4
Jul	614/4	616/6	619/2	611/6
Aug	620/0	620/6	624/0	617/0
Sep	620/0	620/4	624/0	617/0
Nov	629/4	630/2	634/0	627/4
Jan	639/4	640/4	644/0	639/0
Mar	650/0	652/0	654/4	648/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	22.72	22.58	23.00	22.47
May	22.86	22.88	23.20	22.77
Jul	23.23	23.19	23.62	23.03
Aug	23.25	23.25	23.65	23.15
Sep	23.26	23.28	23.60	23.20
Oct	23.27	23.32	23.70	23.25
Dec	23.62	23.60	23.95	23.40
Jan	23.60	23.60	23.70	23.45

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	169.4	170.5	170.5	168.5
May	172.0	173.3	173.6	171.3
Jul	175.5	176.9	176.9	174.8
Aug	177.3	178.7	178.3	177.0
Sep	178.7	180.4	180.5	178.5
Oct	180.0	181.7	181.5	179.7
Dec	182.1	184.4	184.5	182.0
Jan	183.5	185.0	183.5	183.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	246/4	246/2	246/6	245/2
May	255/4	255/0	255/6	254/6
Jul	260/4	263/2	264/0	262/0
Sep	263/4	265/4	264/0	262/0
Dec	265/0	265/2	265/2	263/0
Mar	272/2	272/2	272/0	270/6
May	277/4	278/0	277/4	277/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	81.40	81.65	81.82	81.12
Jun	77.57	77.77	77.95	77.30
Aug	75.32	75.20	75.52	74.97
Oct	76.22	76.02	76.32	75.90
Dec	76.77	76.62	76.90	76.60
Feb	76.35	76.25	76.40	76.20
Apr	76.85	76.85	76.85	

LIVE HOGS 30,000 lb; cents/lb

	Close	Previous	High/Low	
Apr	54.10	52.60	54.10	53.00
Jun	58.70	57.50	58.80	57.80
Jul	57.22	55.50	58.00	56.00
Aug	54.75	53.65	54.90	54.00
Oct	49.15	48.45	49.25	48.50
Dec	48.07	47.60	48.25	47.97
Feb	47.60	47.40	48.00	47.60
Apr	45.90	45.90	0	0

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	67.20	65.42	67.30	65.75
May	67.77	66.05	67.50	65.82
Jul	67.00	65.60	67.45	66.20
Aug	65.27	63.75	65.70	64.00
Feb	60.60	58.60	60.60	59.00
Mar	60.00	59.50	60.00	

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WORLDWIDE SPECIALISED ENGINEERING

TI Group — Full Year 1990

		1990	1989
Pre-tax profit	UP	£128.4m	£111.5m
Earnings per share	UP	55.5p	49.0p
Dividend	UP	19.5p	17.5p

For further information about the TI Group, contact the Department of Public Affairs, TI Group plc, 50 Curzon Street, London W1Y 7PN.

The contents of this advertisement, for which the directors of TI Group plc are solely responsible, have been approved for the purposes of Section 57 of the Financial Services Act 1986 by Price Waterhouse as authorised persons.

Continued Growth

TI GROUP

LONDON STOCK EXCHANGE

Profit-taking sales easily absorbed

A MUCH calmer mood prevailed in the UK equity market yesterday as investors adjusted their portfolios following the powerful advance achieved on Wednesday. The substantial gains in share prices over the previous two trading sessions proved irresistible to profit-takers but the day's fall of 22 points on the FT-SE scale was regarded as little more than a pause for consolidation. The stock market remained very confident that domestic interest rates are coming down and that prospects for recovery from the world recession are improving.

It was a day with something for every sector of the investment community. The institutions were happy to take some profits, while the marketmaking firms, which had suffered losses on Wednesday as they struggled to buy stock to meet earlier selling commitments, were able to pick up some shares yesterday morning.

Yet profit-taking was by no means the only preoccupation of the big investment funds. They were buyers of sectors which have been relatively overlooked in the market's headlong advance. Oil shares, which have underperformed the equity market significantly because of uncertainty over crude prices, came in for support yesterday. Utility stocks, also somewhat out of favour during the market's bullish run, were also wanted. By the end of the day, some fund managers were already showing interest in buying back again the stocks sold for handsome profits during the morning.

Equities opened lower, once again following the trend in other European markets after what was considered to be a relatively unexciting performance by Wall Street overnight.

However, the marketmakers quickly moved to buy blue chip stocks, where dealing positions had been so badly squeezed in the previous session, and the early fall of 11 Footsie points was largely recovered before interest waned again.

With the market left to the sellers, the Footsie turned down again to register a near 20 points fall before steadying ahead of Wall Street's opening. A gain of 4 Dow points in UK trading hours failed to impress and London turned down afresh and closed near to the low of the day.

The final reading showed the FT-SE Index at 2,437.7, a loss of 22.2 on the day. Market turnover, as measured through the Seaq electronic network, totalled 670.8m shares, a far cry from the 1.05bn traded on Wednesday, but still a healthy number by comparison with the poor trading levels seen earlier this year.

There was significantly less inter-dealer business transacted yesterday, and traders expect the final data to confirm that retail, or customer, business in equities, remained above the £1bn mark regarded as the sign of a healthy market.

Also indicating a return to more rational investment behaviour was the response yesterday to the latest corporate profits and trading statements. Rolls-Royce, the defence aero-engines group, weakened noticeably after disappointing the market, as did Ladbroke, the leisure group; company statements were largely brushed aside during the advance of the previous day.

"A period of welcome consolidation," was the summary of the day from a dealer at a leading US investment bank. While confidence in the UK market remains high, it is likely that the near term trend may now be set by Wall Street. However, the UK market is believed to have established itself at its new near-peak level.

Account Dealing Dates

*First Dealings:	Feb 25	Mar 11	Apr 2
Option Declarations:	Mar 7	Mar 27	Apr 11
Last Dealings:	Mar 8	Mar 28	Apr 12
Account Day:	Mar 18	Apr 8	Apr 22

*New-time dealings may take place from 8.30 am two business days earlier.

R-R upset by poor results

ROLLS-ROYCE published poor results which prompted a rash of cuts in profit forecasts. The shares were driven 17 down to 158p, the day's biggest fall in the FT-SE 100. The turnover of 39m was exceptionally strong for the stock.

The selling appeared to be dominated by US and Japanese investment houses, which are big holders of the stock. One disgruntled US marketmaker commented: "It was a nightmare for London houses. The States has done about 25m of the turnover."

S.G. Warburg, which has been bearish on Rolls for some time, came in at the low end of estimates, reducing its 1991 forecast by 35m to £185m. BZW lowered its figure by £30m to £200m and County NatWest moved down by £40m to £205m.

Analysts said the company exacerbated the effect of a 25 per cent fall in profits with a poor presentation, at which it failed to cushion the shock of its unexpectedly high research and development (R&D) costs. Mr Peter Leighton of County said: "The presentation was a classic piece of Rolls-Roycism. They were exceedingly unhelpful. They could easily have prepared people for the size of the R&D."

Ladbroke hit

Analysts cut their forecasts across the board after Ladbroke published its full year results. Profits came in a shade better than the previous year's at £300m, but the accompanying statement was bearish. The stock retreated 13 to 264p on good turnover of 9.8m.

The company said betting income had been lower than expectations and that it had only broken even in the first two months of 1991. Mr Bruce Jones at Smith New Court said the start of 1990, in contrast, had been strong and therefore profits for the current year would probably be lower. His estimate is £295m, close to the upper end of a range of analysts' forecasts that starts at County NatWest's £250m.

Ms Julie Feaver at County is wary of the effect of the recession and Middle East tension on business travel and hotel occupancy. Mr Jones, however, struck a positive note, based partly on the company's rating: "They are on 10.7 times earnings for the current year, falling to 9 for next year; this makes them look attractive over the medium term." He added that there would be short-term dullness in the share price on consideration of the cautious statement.

Reuters in demand

Reuters was the best performer of the day among FT-SE 100 stocks. Mr Brian Newman at Henderson Crosthwaite said there was progress on Globex, the company's embryonic futures trading service. Mr Newman said the service was in final stages of testing and that its two most important customers, the Chicago Mercantile Exchange and the Chicago Board of Trade, should be launching a marketing drive ahead of the inauguration, now pencilled in for June.

He added that Reuters was in a position to benefit from the UK government's review of the UK telecommunications duopoly. In September last year Reuters bought Uplink, one of seven companies licensed to compete with British Telecom and Mercury Communications in the satellite communications market.

Traders commented that the Reuters stock was going ex-dividend on Monday, which would encourage buying by income funds. The shares closed at the day's best of 863p, an improvement of 27. Turnover was an unusually high 2.7m.

Oils were firm as the market decided they had been left alone too long and were now undervalued. BP was steady at 335p as County NatWest shifted its position from sell to hold on the expectation of a large oil discovery in the Gulf of Mexico and Credit Lyonnais Laing pushed it as a buy. Shell, also a Laing buy recommendation, was up 5 at 480p on a turnover of 8.2m, while Lasmo rose 4 to 380p. Ranger gained 9 to 376p after announcing profits virtually doubled at £42.4m.

The surprise in the sector was Ultramar, which fell 11 to 340p on a turnover of 5.1m shares in spite of a rise in profits to £211.5m from £187.3m. Mr Steve Miller of NatWest, the private client arm of NatWest Bank, said the company was hit by profit-taking.

British Gas firmed 5 to 249p on a turnover of 9m as the institutions began again to see utilities as a safe haven.

Hefty buying of ACT, the computer services concern, triggered bid speculation and talk of an agency broker trying to take a stake of up to 10 per cent. However, traders close to yesterday's business said the final client was a UK institution. The shares climbed 11 to 112p as 1.8m changed hands. Telemetrix caught traders attention with an unusual burst of speculative buying for the new account and added 3 at 23p.

ISA International, a computer accessories distributor, dropped 14 to 78p as Panmure Gordon, the company's broker, cut its profit forecast for the year just finished from £3.8m to £2.8m.

A profits rise from £111.5m to £128.4m and a polished presentation to the City helped TI, the engineering group, to climb 12 to 519p.

County NatWest raised its forecast for the company's 1991 profits by £5m to £115m. Mr Mark Wright said the group had a strong balance sheet and was one of the stars of the sector, although the automotive supply arm was likely to suffer. He said the company was overvalued and the shares could drift. BZW and S.G. Warburg shaved their estimates but remained confident on the company's performance.

GKN slipped 14 to 376p after two securities houses, Salomon Brothers and Hoare Govett, issued sell recommendations. Uneasiness over the future of motor-related stocks ran over into Dowty, which lost 11 to 183p.

USM-quoted ASD, the largest independent steel stockholder in the UK, added 5 at 83p after the company said it had begun talks with a potential bidder. The price of the shares has more than doubled since the announcement was made on Wednesday.

Victaulic, maker of plastic pipe and fittings, rose 19 to 442p after good results. Final profits were £11.5m, up from £8m. One analyst forecast £13m for this year.

Charles Baynes, the diversified industrial group, also benefited from good results. It reported a £1.5m jump in profits to £5.6m and the shares firmed 2 to 53p. Emess saw profits halved to £9m and the shares fell 7 to 46p.

Advertising agency WPP climbed 11 to 135p after revealing profits ahead of many forecasts at £90m, against £75m in the previous year. However, not all analysts were sanguine about the company's prospects.

Mr Mark Sheppard at UBS Phillips & Drew rated the stock "a strong sell". He said the first half would be awful and that the company's commitment to paying the dividend on the convertible preference shares would mean that holders of the ordinary stock might not receive a dividend for three or four years.

Poster advertising specialist More O'Ferrall jumped 30 to 261p after announcing profits better than expected at £9.7m, compared with £13.1m in the previous year.

Kingfisher declined 5 to 440p following the departure of Mr Geoff Powell, chairman of B & Q and Comet, and Mr Vic Steel, chairman of Superdrug and Woolworths. The board changes were part of a reorganisation of its top management structure.

Northern Foods was up 6 at 406p as S.G. Warburg issued a buy recommendation which focused on the benefits of lower pork prices. Reports that the Milk Marketing Board might be prepared to end its monopoly over the supply of milk also boosted Northern. This would probably mean lower prices and Northern would be one of the chief beneficiaries. Food specialists noted that the move still had to be approved by dairy farmers in a referendum.

Hillsdown firmed 4 to 231p as institutions picked up shares after the stock's recent lacklustre performance.

Some brewery leaders bucked the market's downward trend, with Guinness putting in the strongest performance on overseas demand. Mr John Wakely at Lehman Brothers noted that the stock was habitually weak ahead of its figures, due this year on March 21. He said worries over LVMH, the French luxury goods group with which Guinness has a near 24 per cent cross-holding, should have been diminished by LVMH's 25 per cent improvement in recent weeks on the Paris bourse. He added that 80 per cent of Guinness's earnings were from overseas and that the company would therefore benefit from the likely strength of the dollar. Guinness climbed 11 to 826p on high volume of 6.1m.

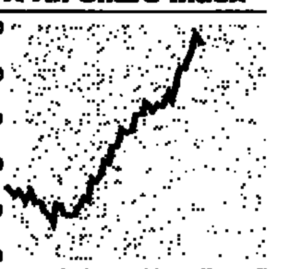
Scottish & Newcastle put on 5 to 394p as analysts reported back from a visit yesterday to the company. They heard that the group was gaining market share in take-home sales.

S.G. Warburg said the textile sector was "poised to show a sustained period of relative strength".

Allied Textiles jumped 22 to 398p, partly in sympathy with Warburg's bullishness and also as Scottish Amicable said it had increased its stake by almost three percentage points to 8 per cent.

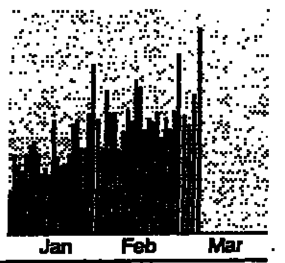
■ Other Market statistics, including the FT-Actuaries share index, Page 25

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (104).

BRITISH FUNDS (3) AMERICANS (2) CANADIANS (1) BANKS (1) BREWERS (2) BUILDINGS (11) STORES (8) ELECTRICALS (9) ENGINEERING (2) FOODS (8) INDUSTRIALS (18) ASD 5p Cv. Pf., Berls, Beepak, Brit. Polythene 7½pc Pf., Charter Cons., China Light, Creighton Naturally, Daimler-Benz, De La Rue, Elan, Kalamazoo, NMW Computers, Portals, Serco, Spandex, Tomkins (FH) 5.6pc Pf., Warner Howard, Wolseley, INSURANCE (1) LEISURE (1) PAPERS (4) PROPERTY (2) SHOES (1) SOUTH AFRICANS (1) TEXTILES (2) TRANSPORT (1) TRUSTS (24) WATER (1).

NEW LOWS (8).

ENGINEERING (1) INDUSTRIALS (2) Rentaminster, Tubular Edgington, PROPERTY (2) TRUSTS (3).

FINANCIAL TIMES STOCK INDICES

	Mar 7	Mar 6	Mar 5	Mar 4	Mar 1	Year Ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
Government Secs	85.13	84.94	84.74	84.61	84.76	77.79	85.86 (19/2/91)	74.13 (30/4/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.33	93.27	93.21	93.15	93.22	87.19	94.23 (18/2/91)	83.80 (30/4/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1950.6	1977.5	1946.0	1918.1	1918.2	1774.4	1977.5 (6/3/91)	1510.4 (24/9/90)	2008.6 (5/6/89)	49.4 (26/6/40)
Gold Mines	143.4	142.7	142.5	143.0	143.0	283.5	378.5 (9/2/90)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2437.7	2459.9	2420.1	2382.9	2386.9	2250.0	2463.7 (3/1/90)	1990.2 (28/9/90)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 200	1127.13	1130.24	1106.10	1094.59	1088.10	-	1130.24 (6/3/91)	938.62 (16/1/91)	1130.24 (6/3/91)	938.62 (16/1/91)
Ord. Div. Yield	4.98	4.87	4.95	5.03	5.04	4.97				
Earning Yld % (full)	9.50	9.24	9.58	9.73	9.75	11.70				
P/E Ratio (Net)(c)	12.98	13.34	12.83	12.63	12.60	10.33				
SEAQ Bargains 4.45pm	51,558	58,857	38,710	37,518	38,610	26,808				
Equity Turnover (£m)†	-	1779.00	1290.89	877.23	1029.29	786.10				
Equity Bargains†	-	55,682	39,828	38,248	38,457	28,673				
Shares Traded (mil)†	-	830.5	558.7	429.3	470.3	415.2				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. cl Nil 12.64

Ordinary Share Index, Hourly changes — Day's High 1975.1 — Day's Low 1950.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1968.1	1973.4	1960.0	1959.0	1960.7	1954.6	1958.0	1960.2	1950.7

FT-SE 100, Hourly changes — Day's High 2457.8 — Day's Low 2437.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2448.7	2457.0	2443.3	2448.3	2448.2	2441.7	2444.2	2450.4	2437.8

FT-SE Eurotrack 200, hourly changes — Day's High 1127.92 — Day's Low 1121.72

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1124.07	1122.16	1123.49	1126.38	1124.05	1125.15	1127.85

GILT EDGED ACTIVITY

Indices*	Mar 6	Mar 5
Gilt Edged Bargains	102.0	98.9
5-Day average	99.8	102.0

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
Brit. Aerospace	1,200	645	−13	Hawker Sidd.	471	551	−16	Reed Intl.	716	423	−7	Ultramar	5,100	340	−11
British Airways	3,100	170	−2	Hillsdown	2,400	231	+4	Reg. Elect. Pkg Uts	8	£1065	−10	Unigate	1,200	323	+2
British Gas	9,000	249	+5	[illegible]	717	250	+3	Reuters	3,100	863	+27	Unilever	1,800	732	−3
British Land	641	318	−9	ICI	3,300	1071	−32	Rolls Royce	39,000	158	−17	United Biscuits	1,300	377	−2
BP	8,300	335		Inchcape	1,800	317	+4	Rothmans	315	813		Utd. Newspapers	1,000	365	+1
British Steel	9,600	140½	−2	Kingfisher	1,900	440	−5	Ryl Bk. Scotland	1,800	199	−6	Water Package Uts.	1	£3055	+7
British Telecom	15,000	331	−4	Ladbroke	11,000	263½	−13½	Royal Insurance	871	477	+2	Wellcome	953	819	−12
Bunzl	282	88	+1	Land Securities	362	548	−7	Saatchi	8,400	22½	+½	Welsh Water	217	331	−3
Burmah Castrol	792	568	−2	Laporte	278	577	−3	Sainsbury	379	332	−3	Wessex Water	431	358	−7
Burton	4,100	95		Legal & General	857	433	−2	Scottish & New.	1,800	394	+5	Whitbread 'A'	958	485	+2
Cable & Wire.	2,000	534	−9	Lloyds Abbey	887	403	−1	Sears	3,100	94	−1	Wiggins Teape	3,000	228	−2
Cadburys	1,600	376	−2	Lloyds Bank	1,400	382	−2	Sedgwick	1,200	250	−4	Williams Hldgs.	601	275	−2
Calor Group	217	235		LASMO	1,400	380	+4	Seeboard	309	181	−1	Willis Corroon	2,700	285	−2
Carlton Comms.	2,100	439	−2	London Elect.	705	198	−1	Severn Trent Water	1,700	285	+2	Wimpey	4,400	188	+1
Coats Viyella	1,900	148	+3	Lonrho	1,400	242	+3	Shell Transport	8,200	480	+5	Yorkshire Elect.	812	200	
Comm. Union	690	527	−2	Lucas	5,100	167	−2½	Siebe	492	412	−6	Yorkshire Water	240	310	−2
Cookson	842	139	+1	MB Caradon	982	215	+3	Slough Ests	436	251	−5				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES AND OPTIONS TRADING

UK STOCK index futures led the equity market lower as the panic buying of the previous session was replaced by a more hesitant approach on the part of the larger institutional investors.

The March FT-SE 100 index futures had at first supported the underlying share market, but as London traders got wind of a fall on Wall Street it began to lead the retreat.

The futures market's lead over the stock market narrowed at one stage to zero, a clear indication of the uncertainty about the equity market's recent strong advance.

March FT-SE futures finished 29 points lower at 2,440 but there was little sign of any great selling pressure. By the close, equity futures were still signalling that the stock market rally may have run out of steam, although many traders believed that there could yet be further gains.

Mr Harvey Neale of UBS Phillips & Drew said: "The market may have become overstretched but I still would not be surprised to see it go above the previous highs if Wall Street breaches the important Dow 3,000 level.

Options dealing was also more subdued, although a seller of almost 3,000 Amstrad June 70 calls caused the underlying securities to weaken. Another large trade included a buyer of 1,200 British Telecom May 330 calls.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990/91 High	1990/91 Low	Stock	Price £	+ or −	Yield Int.
99⅜	92⅞	Funding 5¼pc '87–91‡‡	99⅝xd	......	5.78
98½	89¾	Treas. 3pc 1991	98½	......	3.04
99¾	94⅜	Treas 10pc Cv '91 ‡‡	99¾	......	10.07
99½	94⅞	Exch. 11pc 1991	99½	......	11.03
97½	90⅜	Treas. 8pc 1991	97½	+⅛	8.18
101⅜	97¼	Treas 12¾pc 1992‡‡	101⅜	......	12.58
99⅞	92¾	Treas 10pc 1992	99⅞	+⅛	10.09
97⅛	89⅛	Treas. 8pc 1992 ‡‡	97⅛xd	+⅛	8.24
99½	93⅜	Treas 10½pc Cv 1992‡‡	99½	+⅛	10.55
93⅛	82⅜	Treas. 3pc 1992	93⅛	......	3.22
102⅛	95⅞	Exch 12¼pc '92	101⅞	......	12.02
104⅞	98⅞	Exch 13½pc 1992	103⅞xd	......	13.00
96⅝	86¼	Treas 8¼pc 1993	96⅜xd	+⅛	8.57
99⅜	90⅛	Treas 10pc 1993‡‡	99⅜	+⅛	10.09
104⅞	96⅞	Treas 12½pc 1993‡‡	104⅞	−⅛	12.00
92½	82	Funding 6pc 1993‡‡	92½xd	......	6.49
108⅜	99¾	Treas 13¾pc 1993‡‡	107⅝	......	12.78
95½	84¾	Treas. 8½pc 1994	95½	+⅛	8.90
111⅛	102⅞	Treas 14½pc 1994‡‡	110½	......	13.10
109	99¼	Exch 13½pc 1994	108½	+⅛	12.45
99½	88½	Treas. 10pc Ln. 1994‡‡	99½	+⅛	10.08
106½	96⅞	Exch. 12½pc 1994	106⅛	......	11.75
96⅞	85	Treas 9pc 1994‡‡	96½	+⅛	9.33
106⅞	94½	Treas 12pc 1995	105½	+⅛	11.35
87	73	Exch 3pc Gas 90–95	84	......	3.57
100½	88⅛	Exch 10¼pc 1995	100⅜	+⅛	10.22
109½	97½	Treas 12¾pc 1995‡‡	109⅜	+⅛	11.66
113½	101⅞	Treas. 14pc '96	113	+⅛	12.39

Five to Fifteen Years

1990/91 High	1990/91 Low	Stock	Price £	+ or −	Yield Int.
96½	82½	Treas. 9pc 1992–96‡‡	96½xd	+⅛	9.34
119½	107⅜	Treas 15¼pc 1996‡‡	118⅝	+⅛	12.84
112¼	99⅛	Exch 13¼pc 1996‡‡	111⅛	+⅛	11.90
100⅛	85½	Conversion 10pc 1996	99⅜	+⅛	10.07
100⅛	97½	Do. 10pc 1996 A ●	99½	+⅛	10.25
113½	98½	Treas 13¼pc 1997‡‡	112⅛	+⅛	11.79

BRITISH FUNDS—Contd

AMERICANS—Contd

1990/91 High	1990/91 Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
46⅞	35⅞	CPC Intnl. 25c	43⅞xd	+⅞	$2.00	−	2.3
930p	358p	California Engy	640p	−2			−
38½	23½	Campbell Soup 15c	37⅞xd	−⅞	$1.16	−	1.6
21⅞	5⅛	Chase Manhattan $12½	8⅞xd	−⅛	$1.20	−	7.5
12½	5⅛	Chrysler $6¼	7⅞xd	−⅛	$1.20	−	8.3

[The remaining London Share Service listings (British Funds Index-Linked, Over Fifteen Years and Undated; Int. Bank and O'seas; Corporation Loans; Commonwealth & African Loans; Loans; Foreign Bonds & Rails; Americans; Canadians) are illegible at this resolution.]

APPOINTMENTS

The Tube gets new finance chief

LONDON UNDERGROUND has ended its four-month search for a new finance director with the appointment of Mr John Hughes, formerly group financial controller of the Prudential Corporation, *writes Richard Tomkins, Transport Correspondent.*

His appointment as finance director is accompanied by membership of the London Underground Board. Mr Hughes held financial posts with Dolby Laboratories, GEC and John Brown before spending 12 years with British Aerospace as finance director of BAe (Commercial Aircraft).

Observer, page 18.

■ Mr Andrew Dilnot has been appointed director of THE INSTITUTE FOR FISCAL STUDIES. He replaces Mr Bill Robinson who has moved to the Treasury as special adviser to the Chancellor. Mr Dilnot was deputy director, and has worked at IFS since 1981.

■ Mr Jonathan C.H. Tate, vice president and director of investments, Confederation Life Insurance Co, has been appointed a director of THE GERMAN SMALLER COMPANIES INVESTMENT TRUST from May 1. The trust is managed by Lloyds Bank Fund Management.

■ Mr J. Peter Honeysett, a non-executive director, becomes non-executive chairman of ALLIED TEXTILE COMPANIES when he succeeds Mr C. Russell Smith who retires at the end of the annual meeting on April 3. Mr Honeysett retires at the end of March as Yorkshire regional executive director of the National Westminster Bank.

■ Mr Nigel Denby has been appointed finance director of the ILLINGWORTH, MORRIS GROUP, Bradford. He was divisional finance director of Hickson Flooring Distributors.

■ BENHAM GROUP, which was acquired by BIMEC last November has been integrated with the environmental engineering division, and the following appointments made: Mr Howell Merchant, chief executive, Benham Group; Mr Brian Smith, managing director, Benham Environmental Engineering; and Mr Brian Parry, managing director, Benham Maintenance.

■ Mr Denis Keast has been appointed managing director of CANADIAN PACIFIC (UK). He was director financial services.

■ WEST MIDLANDS TRAVEL, Birmingham, has appointed Mr John Adamson as director of operations and Mr Joseph Duffy as director of finance from April 1. Both are associate directors. Mr Andrew Woolner has been appointed director of engineering. He was engineering director of Aston Martin Lagonda.

■ ALBERT E. SHARP, stockbrokers, Bristol, has appointed Mr Sandy Evans as an associate director. He was regional director, Cobbold Roach (Taunton).

■ Mr John Burke, general manager, business development, at BRISTOL & WEST BUILDING SOCIETY has been co-opted to the board as executive director.

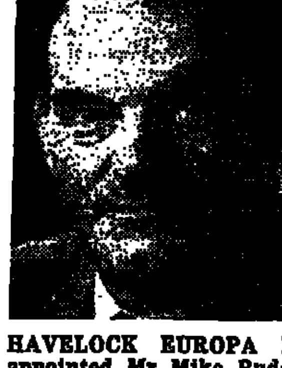
■ LOTUS CARS has appointed Mr Adrian Palmer as sales and marketing director. He was sales and marketing director of SEAT UK.

■ *Mr David Holywell* has been appointed sales director, and Mr John Booth becomes production director of ECON ENGINEERING.

■ GRANVILLE & CO has appointed Mr Ronald Noble as a non-executive director. He recently retired from Barclays Bank as director, Lombard Street branch.

■ Mr Denis Child has been appointed deputy chairman of LOMBARD NORTH CENTRAL, finance house subsidiary of National Westminster Bank. He succeeds Sir Hugh Cubitt who retires on July 3. Mr Child is a NatWest director, and a former deputy group chief executive. He is chairman of the International Commodities Clearing House, and a director of the Securities and Investments Board, and Eurotunnel.

■ UNITED DISTILLERS, Edinburgh, part of Guinness, has appointed Mr Ivor Lewis as packaging operations director, succeeding Mr John Gentles who is now technical director. Mr Lewis was southern operations director, Rover Group. Mr Andrew Mack becomes finance director, operations, a new post. He was group financial controller, Courtaulds Coating.



HAVELOCK EUROPA has appointed Mr Mike Budden *(pictured)* as managing director of Havelock Nottingham from April 24.

LONDON SHARE SERVICE

BANKS, HP & LEASING

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£13½	£9	ABN Amro Fl5	£9½	.....	Q28%	2.1	8.9	5.3
309	121	ANZ $A1	129	−3	Q38c	1.9	12.0	4.5
279	172	Abbey National 10p	272	−4	9.5	q3.0	4.8	9.2
°274	126	Allied Irish Ord	178	+3	‡Q40%	3.5	5.0	8.1
85	47	Anglo Irish	60	.....	Q18.6%	2.3	7.0	7.9
93	41	Ansbacher (H.) 1p	41	.....	2.5	1.3	8.1	11.8
£71⅛	£32⅞	Bancaire Cie Fr100	£54½	−⅜	‡Q124%	−	2.4	−
£22⅛	£12⅝	Banco Bilbao Viz	£16⅛	.....	Q49.1%	2.7	5.0	7.4
£58⅜	£21⅞	Banco de Santander	£28⅞	.....	Q28.7%	2.3	4.2	10.1
286	130	Bank Ireland Ir£1	199	+9	Q14.7%	2.9	6.6	7.0
£19½	£18	Bank Leumi	£19½	.....	−	−	−	−
351	320	Bank Leumi (U.K.)£1	350xd	.....	16.0	−	6.1	−
142	100	Bank Scotland	138	−3	†4.55	3.4	4.4	8.8
110	83¾	Do. 9¼pc Irrd Pf £1	103½	−½	9¼%	−	11.9	−
107¼	99½	Do. 9¾pc Irrd Pf £1	107¼	+1	9¾%	−	12.1	−
54	39	Bank of Wales	42	.....	2.8	0.8	8.9	(20.2)
457	290	Barclays £1	447½	−5½	21.15	q1.1	6.5	18.1
22	9	Benchmark 20p	9	.....	0.75	−	11.1	−
335	195	Brown Shipley £1	229	.....	‡12.0	2.2	‡	7.4
°458	285	Cater Allen £1	455	.....	F24.5	−	7.2	−
179	29	Chancery	36	.....	†9.0	2.7	‡	1.4
£23¼	£14	Commerzbk DM10	£18¼	.....	Q18%	−	3.4	−
£13¼	620	Dai Ichi K8k Y50	850	+12	Q17%	6.2	0.4	40.1
£313⅝	£189½	Deutsche Bk DM50	£224½	−1½	Q28%	−	2.1	−
£20⅜	£14⅝	Espirito Santo	£17	.....	Q75c	5.1	2.2	8.7
253	152	First Nat. Fin. 10p	199	.....	13.0	1.2	8.7	(11.8)
121	78	FNFC 6.3pc Cv. Pf. £1	109	.....	6.3%	−	8.2	−
£13¼	633	Fuji Bank Y50	1020	−6	‡Q17%	6.9	0.3	43.4
340	262	Gerrard & National	339	−1	19.0	−	7.5	−
154	63	Guinness Mahon 10p	63	.....	1.45	−	3.1	−
328	194	Hambros 20p	285	−16	†11.5	−	5.4	−
128	88	Do. 7.5pc Cv Pf £1	118xd	−1	7½%	−	8.5	−
53¼	29	HK & Shang. HK$2.50	38½xd	+½	KQ39c	−	6.8	−
478	373	Joseph (Leo) £1	415	.....	15.85	−	5.1	−
150	105	King & Shaxson 20p	140	.....	10.25	−	9.8	−
422	249	Kleinwort Benson Grp	354	−8	16.0	2.5	6.0	8.4
642	316	Kyowa Bank Y50	447	−11	Q14%	♦	0.7	♦
366	220	Lloyds £1	362	−2	15.3	q1.5	5.6	15.1
56	44	Lon. Scot. Bank 10p	56	.....	2.75	1.7	6.5	10.3
404	150	Midland £1	189	.....	9.0	−	6.4	−
£14½	£10⅞	Mitsubishi Bank Y50	£10⅞	.....	‡Q17%	♦	0.3	♦
£12¼	£4⅝	Mitsubishi Tst & Bk Y50	56½	.....	Q17%	12.4	0.6	12.8
£10⅝	£4⅞	Mitsui Taiyo Kobe Y50	£7¼	+⅛	‡Q16%	6.0	0.4	40.2
904	410	Mitsui Tst & Bk Y50	542	+6	Q17%	♦	0.6	♦
326	203	Nat Aust. Bk. A$1	238	−1	G055c	1.5	9.6	7.1
368	227	NatWest £1	327	−11	17.5	♦	7.4	♦
£210	£100	Ottoman Bank	£125	.....	Q110%	2.8	8.8	4.0
55	24	Rea Bros. Group	34	+1	0.5	3.2	2.0	17.0
227	119	Royal Bk. Scotland	199	−5	8.4	2.3	5.6	10.2
795	338	Saitama Bank Y50	449	−9	♦Q14%	♦	0.6	♦
£12¼	567	Sanwa Bank Y50	881	+18	Q17%	6.7	0.4	38.6
902½	613	Schroders £1	760	.....	h12.5	5.9	2.2	10.3
712½	413	Do. £1 N/V	543	+5	h12.5	5.9	3.1	7.3
£25¼	£9¼	Sec. Pacific $10	£15	−⅛	Q52.52	−	8.5	−
616	205	Standard Chartd. £1	315	−8	35.0	1.4	14.8	(5.9)
£16⅛	£5⅞	Sumitomo Bank Y50	£8¼	−⅛	‡‡Q16%	7.5	0.4	34.3
£11	£4⅞	Sumitomo Tst & Bk Y50	£6⅞	+⅛	Q17%	6.9	0.5	27.3
162	114	TSB	155	−4	6.4	2.1	5.5	11.5
175	112	TSB Bank Ch'nel Is'l	143	.....	dQ8.0	3.8	5.6	5.8
£463	£41⅛	Tokai Bank Y50	£6¾	.....	Q16%	4.1	0.5	51.5
920	484	Toyo Tst & Bk Y50	665	+1	‡Q15.2%	6.9	0.5	31.7
611	499	Union Discount £1	575	.....	35.0	♦	8.1	♦
525	284	Warburg (S.G.)	424	−3	15.0	3.0	4.7	9.5
180	98	Do 6pc Cnv Prf £1	140xd	.....	6%	−	5.7	−
279	128	Westpac $A1	160	−2	Q52.5c	1.2	13.4	6.1
420	286	Wintrust 20p	349	+3	†8.7	4.3	3.4	9.1
969	509	Yasuda Tst & Bk. Y50	645	−7	Q17%	5.9	0.5	32.3

Hire Purchase, Leasing, etc.

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
175	30	CLF Yeoman 50p	33	+3	‡Q18.5%	3.2	‡	1.6
71	40	Cambridge Grp Ir5p	49½	−½	‡Q7½%	15.6	0.6	12.1
55	11	Capital Leasing Ir10p	37	.....	‡Q1.25	3.5	3.2	9.1
°70	46	Cattle's (Hldgs) 10p	70	.....	K3.8	1.9	7.2	10.7
478	362	Prov. Financial	478xd	+8	23.5	♦	6.6	♦
°232	119	Reflex Invs. Ir5p	123	.....	‡Q51%	7.9	1.9	9.0
240	192	Secure Trust Grp. 1p	248	.....	†8.5	2.8	4.7	10.1
210	135	Woodchester IR20p	184	−1	‡Q16.7%	5.9	1.6	13.7

BEERS, WINES & SPIRITS

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
537	408	Allied-Lyons	532	−2	†16.95	2.3	4.2	11.5

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ELECTRICITY

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

LONDON SHARE SERVICE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST—Contd

INVESTMENT TRUST—Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

1990/91 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's
45	15	♣Navan Resources . γ	15	.....	–	–	–
20¼	7	♣New Sabina Res C$1 ..	7	.....	–	–	–
457	52	Northgate Expl. C$1.	59½	.....	5	–	–
36	12	North West Exp	12	.....	–	–	–
39¾	2	♣Nor-Quest Res........	9	+1¼	–	–	–
255	75	Oryx Gold Hldgs... ...	96	.....	–	–	–
57	11	♣Ovoca Gold IR 2p .. γ	11	.....	–	–	–
93	39	Plateau Mining 20p.. β	41	.....	–	–	–
605	392	RTZ 10p............ α	538	.....	†18.5	2.5	4.6
14	4¼	♣Thorco Res. Inc. ‖.....	4½	.....	–	–	–
18	5	♣Vizcaya Hldgs 5p... β	8	.....	–	–	–
178	130	♣Young Group 10p.. β	130	.....	†7.8	2.7	8.0

Tins

Miscellaneous

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- ‡ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ‡ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1... β	675	....
Finlay Pkg. 5p.... β	31	....
Holt (Jos) 25p..... β	1318	....

IRISH

Cap. 8½% Ln. 1991...	£99½	....
9pc Cap Ln. 1996..	£97¼	+⅛
Fin. 13% 97/02...	£114½	+½
Arnotts...............	160	....
Carrol (P.J.)	154	....
Helton Hldgs....... γ	48	+2
IRG.........	158	....
United Drug..	165	....

TRADITIONAL OPTIONS

3-month call rates

RHM....................... ...	23
Rank Org Ord...............	52
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STC	19

Industrials

Property

Oils

Mines

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	43.43	43.43xd	46.44	-0.34	7.47
Gilts & Fixed Int	6	112.2	112.2xd	119.0	-0.1	9.66
High Inc Equity	6	135.9	139.5xd	148.3	+3.0	5.73
Worldwide Bond	6	201.1	201.1xd	213.2	+0.4	7.04
Capital Growth						
American Growth	6	176.6	176.6	188.8	-2.3	1.02
Asian Pacific	6	115.5	118.0	125.5	+0.5	.16
Assets & Earnings	6	168.1	168.1	179.7	-0.3	3.02
Capital Reserve Acc	0	103.9	103.3	103.3	-0.1	6.91
Capital Reserve Inc	0	81.63	81.63xd	81.67	-0.20	7.35
Comdty & Energy	6	73.97	73.97xd	79.11	+0.05	1.25
1992 Enterprise	6	62.55	62.55	66.89	+0.04	3.18
Euro Capital Acc	6	89.22	89.22	95.42	+0.42	1.42
Euro Capital Inc	6	85.67	85.67	91.62	+0.41	1.42
General	6	169.8	169.8xd	181.6	+0.8	2.75
Japan	6	93.92	93.92	100.4	...	...
Mastertrust	6	85.45	85.45	91.39	+0.23	2.81
UK Growth Acc	6	152.7	152.7	163.3	+1.1	2.70
UK Growth Dist	6	98.72	98.72	105.5	+0.7	2.70
US Emerging Cos	6	56.44	56.44	60.36	-0.99	-
Income & Growth	6	303.8	303.8	324.9	-0.6	3.15
Ethical	6	47.91	47.91	51.24	+0.16	1.95
International	6	58.08	58.91	62.66	-0.50	.80
Dividend & Growth	6	48.14	49.36xd	52.51	+0.04	5.33
Global Gwth & Scs	6	49.99	50.32xd	53.53	+0.05	1.87

Abtrust Management Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	26.94	26.94	28.63	-0.08	2.79
Cash	-	50.10	50.10xd	50.10	+0.01	13.40
European	5¼	71.00	71.00xd	75.48	+0.09	0.00
European Income	5¼	73.81	74.26xd	78.34	+0.09	1.57
Exempt	1	744.0	744.0	770.9	-3.40	3.01
Exempt Income	3¼	172.1	172.1	183.1	-0.2	4.63
Exempt American	3¼	322.8	322.8	336.6	-0.4	1.70
Exempt Pacific	3¼	211.4	211.4	221.0	-0.1	1.76
Extra Income	5¼	39.74	39.74xd	42.82	-0.15	8.85
Far East Emerg Econs	5¼	46.98	46.98	50.49	+0.07	1.27
Fund Inv Tst	5	111.9	111.9	119.5	+0.31	1.44
Fund Inv Tst Acc	5	178.2	178.2	190.1	+0.4	1.44
Gilt & Fixed Int	5¼	16.08	16.26xd	17.35	+0.01	11.46

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	73.23	73.23	78.32	-1.96	3.15
Do (Accum)	6	77.04	77.04	82.39	-2.06	3.15
Service Cos	6	59.13	59.13	63.24	-0.30	2.65
Do (Accum)	6	61.55	61.55	65.83	-0.32	2.65
Income Growth	6	45.61	45.61	48.78	-0.23	5.36
Do (Accum)	6	62.21	62.21	66.53	-0.32	5.36
Higher Yield	6	32.40	32.40	34.65	-0.16	5.12
Do (Accum)	6	40.08	40.08	42.86	-0.20	5.12
American Gth Inc	6	27.77	27.77xd	29.70	-	2.11
Do (Accum)	6	28.30	28.30	30.26	...	2.11
European Growth	6	26.01	26.01xd	27.82	-0.17	1.43
Do (Accum)	6	26.51	26.51	28.35	-0.17	1.43
Global Bond Inc	6	22.07	22.07	23.61	.....	6.69
Do (Accum)	6	24.82	24.82	26.55	...	6.69
Managed P'folio Inc	6	23.92	24.00	25.66	-0.19	-
(Do Accum)	6	23.92	24.00	25.66	-0.19	-

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	80.22	81.02xd	86.29	-0.17	3.02
Mngd P'folio Acc	6	145.8	147.3	156.8	-0.40	-
UK General	6	116.8	116.8	124.4	+0.40	4.35
Conv & General	6	18.01	18.01xd	19.18	+0.07	9.15
European Inc	6	20.49	20.49	22.06	+0.33	0.51
European Acc	6	20.94	20.94	22.55	+0.34	-
Exempt	3	278.2	278.2	294.5	-1.30	4.45
Financial	6	115.4	115.4xd	122.9	-1.00	5.48
German	6	35.76	35.76	38.32	+1.03	0.10
High Income	6	66.01	66.01xd	70.30	-0.30	7.27
Income	6	96.42	99.31	106.7	-0.90	5.28
Intl Income	6	83.15	83.15	88.58	+0.35	4.39
Intl Growth ♣	6	26.47	26.47	28.19	-0.18	0.24
Monthly Income	6	57.43	58.82	62.64	+0.19	4.49
North American	6	65.08	65.62	69.88	+0.01	0.31
Orient ♣	6	98.57	98.60	105.5	+1.50	-
PEP	5	57.86	57.86	62.64	+0.26	4.97
Recovery	6	33.88	33.88	36.59	-0.17	2.63
Smaller Cos Acc	6	182.6	189.0	203.1	+1.00	-
Smaller Cos Inc	6	110.3	113.9	122.4	+5.30	2.43

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth	1	185.1	185.1	192.0	....	6.14

Buckmaster Mangmt Co Ltd (1200)H
15 St Botolph Street, London EC3A 7JJ 071-247 4542

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Fellowship Tst ♥	5¼	53.39	54.41	57.89	+0.02	3.68
(Accum Units) ♥	5¼	56.71	57.80	61.49	+0.02	3.68
Income	5¼	164.1	167.5	178.2	-0.07	5.07
(Accum Units)	5¼	340.6	347.7	369.9	-1.3	5.07
Smaller Co's	5¼	88.96	92.10	97.98	+0.21	3.48
(Accum Units)	5¼	101.2	104.8	111.5	+0.2	3.48
Inv Portfolio ♥	3	51.92	51.92	53.74	-0.27	2.96
(Accum Units) ♥	3	56.06	56.06	58.02	-0.29	2.96

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF Dlng:031-220 4924

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East (Pacific)	5¼	91.50	91.50	97.13	-1.23	0.43
Income & Growth	5¼	60.36	61.43xd	65.21	+0.46	5.01
European (z)	5¼	55.07	55.07xd	58.46	+0.17	1.22
Nth American (z)	5¼	34.21	34.21	36.31	-0.03	1.44
Intl Growth(9-1)	5¼	59.20	60.26	63.96	+0.48	1.13
UK Growth	5¼	54.55	55.77	59.20	+0.95	2.42
Intl Income	5¼	46.23	46.73xd	49.60	+0.57	6.02
High Yield	5¼	45.78	46.46	49.32	+0.16	6.98
Charities	5¼	91.03	92.32xd	98.00	+0.77	5.71
Japan	5¼	37.55	37.55xd	39.86	-0.07	-

Matheson Unit Trust Managers Ltd (1200)H
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Growth (4-1)	6	67.56	69.03	73.83	(z)	3.35
UK High Income	6	34.84	35.24	37.69	(z)	5.36

NM Unit Trust Mngrs (1200)H
The Bilton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing: 0705 387730

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5¼	29.75	29.88	31.87	-0.18	1.60
(Accum Units) ♥	5¼	31.83	31.97	34.10	-0.18	1.60
Australian ♥	5¼	151.60	153.50xd	164.60	-0.40	3.34
(Accum Units) ♥	5¼	170.80	172.60xd	185.40	-0.40	3.34
Conscience	5¼	50.06	50.97	54.39	-0.31	1.43
(Accum Units)	5¼	52.50	53.44	57.03	-0.33	1.43
European	5¼	140.30	141.70	151.10	+0.50	1.03
(Accum Units)	5¼	147.90	149.60	159.50	+0.40	1.03
Extra Income	5¼	64.86	64.86xd	69.22	-0.34	8.83
(Accum Units)	5¼	87.78	87.78xd	93.68	-0.46	8.83
Far East Gth Acc ♥	5¼	107.90	107.90	115.30	+0.50	0.27
Gilt & F.I.	5¼	51.12	51.12xd	54.11	+0.02	9.26
(Accum Units)	5¼	107.60	107.60	113.80	....	9.26

Guide to pricing of Authorised Unit Trusts
Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444.

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TSB Unit Trusts (1200)H

Target Trust Mngrs Ltd (1600)F

Templeton Unit Trust Managers Ltd (1200)F

Thornhill Unit Trust Managers Ltd (1200)F

Three Counties Asset Mngmt Ltd (1430)F

Timberlake Trust Mngt Ltd (0900)F

Touche Remnant Unit Trt Mngt Ltd (1600)F

Trades Union Unit Tst Mngrs (1200)H

Triton Fd Mngrs. Ltd. (1800)H

United Charities Unit Trusts (1000)H

Wardley Unit Trust Mngrs Ltd (1300)F

Waverley Unit Tst Mngmt Ltd (1000)F

Wessex Asset Management (1330)F

Whittingdale Unit Tst Mngrs Ltd

Willis Financial Services Ltd (0905)F

Woolwich Unit Trust Managers Ltd (1700)H

Wright Seligman Fund Mngrs Ltd (1700)F

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities Official Inv Fd

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

Morgan Grenfell Unit Trust Managers Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

NM Rothschild Asset Management Ltd

J. Rothschild Fund Managers Ltd

Stewart Ivory & Co Ltd

Thurston Unit Managers Ltd

Touche Remnant Unit Tst Mngt Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Acorn Life Assurance Co Ltd

AEtna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Allied Dunbar Assurance Plc—Contd.

Ambassador Life Assce. Co Ltd

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Citibank Life

City of Westminster Assurance (z)

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Cornhill Insurance PLC

Crown Financial Management Ltd

Crusader Insurance Plc

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident (z)

General Portfolio Life Insce Plc

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Guardian Royal Exchange—Contd.

Hearts of Oak Insurance Group

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

The Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance (x)

Manchester Unity Assurance

MassLife Group PLC

Merchant Investors Assurance Co Ltd

Merchant Investors Assurance Co Ltd—Contd.

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

Continued on next page

هكذا من الأصل

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A & P Life Assurance Ltd

Abbey National Financial Management Corp PLC

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Pegasus Assurance Ltd

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Property Equity & Life Ass. Co

Prosperity Life Assurance Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Assurance Co

Prudential Holborn Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Heritage Life Assurance Ltd – Contd.

Royal Insurance Life Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Sun Life Unit Assurance Ltd – Contd.

Swiss Life (UK) PLC

Swiss Pioneer Life Plc

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Templeton Life Assurance Limited

Tunbridge Wells Equitable

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

AEtna Intl Assurance (Bermuda) Ltd

Albany International Assurance Ltd

CMI Insurance Co Ltd

CMI Insurance Co Ltd – Contd.

Clerical Medical International

Eagle Star Intl Financial Services

Equitable Life Assce Society

Equity & Law Intl Life Assce Co Ltd

Eurolife Assurance Group

Finexco International Ltd

Fleming Life International Ltd

Hansard International Ltd.

Isle of Man Assurance Ltd

NEL Britannia International Ltd

Premium Life International Ltd

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Sun Alliance International Life

Target International Group

MANAGEMENT SERVICES

David M. Aaron (Personal Fin. Plans.) Ltd

The Analysis Group PLC

Bryan Walls & Partners Ltd

James Campbell & Son Financial Services

Chase de Vere PLC

ECU Futures Plc

Edinburgh Money Management Ltd

Fairmount Glen Ralph Ltd

Garmore Fund Managers Ltd

Hambros Fd Mgrs (CI) Ltd

Johnson Fry Financial Services Ltd

Knight Williams & Company Ltd

L.P.S. Lennard plc

Macarthey & Dowie F.S. Ltd

Northern Rogo & Partners

PBR Fund Management Ltd

Pendleton May Financial Services Ltd

Roxborough Financial Management Ltd

Rothschild Asset Management (CI) Ltd

Sharp (Albert E) & Co

Tattersall Investment Mgmt. Ltd

Towry Law & Co

J. D. Ward Financial Services Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Orion Fund Limited

CANADA (SIB RECOGNISED)

Ivory & Sime Pembroke Inc

GUERNSEY (SIB RECOGNISED)

Adams & Neville Fd Mngt (Guernsey) Ltd

BBV-Hambros Asset Mngmt (Guernsey) Ltd

Barclays Intl Fd Managers (Guernsey) Ltd

Guinness Flight Fd Mgrs (Guernsey) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Leopold Joseph Fund Mngmt (Guernsey) Ltd

Lazard Fund Mngrs (Channel Islands) Ltd

Lion World Fixed Income Fund

Lloyds Intl Money Market Fund Ltd

M & G (Guernsey) Ltd

Prolific International Mngmt Ltd

Royal Bank of Canada Funds

Sarasin Funds Mngmt (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)(**)

Adams & Neville Fund Mngmt (Guernsey) Ltd

Arab Bank Fund Managers (Guernsey) Ltd

Bankers Global Investment Fund Ltd

Credit Suisse Asset Mngmt (Guernsey) Ltd

Dantrust Management (Guernsey) Ltd

Fleet-Carroll Fund Mngrs (Guernsey) Ltd

John Govett Mngmt International Ltd

Hambros Fund Managers (CI) Ltd

Hansard Throgmorton Mngmt Ltd

Henderson Admin. (Guernsey)

Hill Samuel Fd. Mngrs. (Guernsey) Ltd

Holborn Fund Management (Guernsey) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Kleinwort Benson Islamic Fd Mngt Ltd

Lazard Fund Managers (CI) Ltd

Merrill Lynch Guernsey

Nikko Capital Mngt (Europe) Ltd

Saudi International (Guernsey) Ltd

Schroder Investment Mngt (Guernsey) Ltd

Stonehage Fund Mngrs Ltd

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

U.S. Treasury Securities Fund Ltd

Yamaichi Capital Mangmt (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

GAM Fund Management Ltd (u)

IRELAND (REGULATED)(**)

Bank of Ireland Unit Managers Ltd

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
GT Management Plc—Contd.				
GT Global Small Co(z)	$16.18			–
GT Global Tech Fd (z)	$17.95		+0.06	6.69
GT Hong Kong Fd (z)	$31.88		+0.07	3.42
GT Honshu Pfder (z)	$12.53		+0.06	–
GT Jap OTC Stocks	$10.36		......	–
GT Jap Sm Co(z)	$15.68			0.15
GT Korea Fd (z)	$5.50		-0.16	–
GT Newly Ind Co Fd (z)	$27.61		–	1.76
GT Select Bd Fd(Susp)	–		–	–
GT Technology Fd(z)	$45.30		+1.84	–

	Bid Price	Offer Price	+ or -	Yield Gross
NM Financial Mngt Intl Ltd				
Int Resident Prop Fd	£0.9250	1.03	___	4.00
The New Zealand Fund				
Manager: Leadenhall Offshore Ltd				
The NZ Fund	$5.65	6.05	....	–
Newport International Management				
Npt. Intl. Securities		$39.12		–
Npt. Intl Inc. Fd.		$21.75		–
Npt. Pacific		$27.15		–
Nomura Warrant Fund 1990 Ltd				

	Bid Price	Offer Price	+ or -	Yield Gross
MINT GTD LTD Ser A	$24.49		......	–
MINT GTD LTD-Spec. Is.	$21.78		–	–
MINT GTD LTD-Nov 1993	$20.07		.....	–
MINT GTD LTD-Jan 1994	$16.19		.....	–
MINT GTD LTD-Dec 1994	$14.34		.....	–
MINT GTD LTD-Aug 1995	$11.69		.....	–
MINT GTD (Pacific) LTD (A)	$11021.04		.....	–
MINT GTD (Pacific) LTD (B)	$10905.01		.....	–
MINT Global Gtd Ltd	$106.25		–	–
FBME MINT GTD PLC	$122.11		....	–
MINT Sp Res Ltd (BNP)	$114.50		–	–
MGA Pacific Ltd.	A$1.18		....	–
Athena Glob Futures Ltd	$10.05		....	–
Athena Gtd Futures	$9.61		.....	–
AHL/ABN	$110.56		.....	–
Meridian Funds				
Money Market	$1.00		.....	6.09
US Govt Income	$10.00		.....	–
Global Govt Income	$11.13		.....	–
Global Equity	$12.36		.....	–
Multi-Currency	$11.17		.....	–
Merrill Lynch Guernsey				
India Fd NAV Feb 27	$2.26		.....	–
Indian Cap Mndt NAV Mar 1	$9.02		.....	–
Indian Cap DII NAV	$-		.....	–
Euro Spain NAV Feb 27	$10.21		.....	–
(For information only)				
Morgan Stanley Japanese Warrant Fund NV				
NAV	$13.1199			–

	Bid Price	Offer Price	+ or -	Yield Gross
Wells Fargo U.S. TT Fund				
NAV Mar 6	$10.45		.....	–
Xiphias International Investment Fd Ltd				
Xiphias Int USD	$1.0309		.....	–
Xiphias Int ECU	Ecu0.9716		.....	–

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. u Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. ѱ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.
(**) Funds not SIB recognised. The regulatory authorities for these funds are, Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Commercial Relations Department; Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar edges up ahead of data

THE DOLLAR edged up towards DM1.55 yesterday. During European trading it failed to test resistance around that level however as the market looked ahead with caution newforto today's US employment data for February.

There were no fresh factors, but sentiment was helped by comments from Mr John Sununu, the White House chief of staff, in which he endorsed the view stated by Mr Alan Greenspan, Federal Reserve Board chairman, on Wednesday that the US economy is near to a turning point.

Mr Sununu said that "fundamentals really do indicate that the projection of a short, shallow slowdown is true and that the country is about to turn around and move forward."

February unemployment is widely expected to rise to 6.8 from 6.2 per cent, but there should be comfort from data on non-farm payrolls. Analysts are generally looking for a fall of between 25,000 and 100,000 in February payrolls, and a possible revision in the sharp January fall of 232,000.

News of the January fall prompted the last easing of the Federal Reserve's monetary stance, including a cut in the US discount rate.

At the London close the dollar had advanced to DM1.5475 from DM1.5410; to FFr5.2675 from FFr5.2475; and to SFr1.3500 from SFr1.3445, but had fallen to Y135.80 from Y136.15. On Bank of England figures the dollar's index eased to 62.4 from 62.5.

Sterling weakened against the dollar, but was firm against its partners in the European Monetary System, showing no reaction to a sharp fall of wholesale interest rates in London or any apparent nervousness about the outcome of the Ribble Valley by-election.

The pound fell 35 points to $1.8865 and also declined to Y256.25 from Y257.25. On the other hand it rose to DM2.9200 from DM2.9125; to FFr9.9375 from FFr9.9175; and to SFr2.5475 from SFr2.5400. Sterling's index gained 0.1 to 93.7.

The pound remained slightly above the weakest placed French franc in the EMS exchange rate mechanism. At the Paris fixing the Spanish peseta fell slightly and the D-Mark eased to FFr3.4051 from FFr3.4065. There was no sign of intervention by the Bank of France.

Weak German current account and trade figures weighed on the D-Mark, pushing it generally lower. Germany's current account swung to a deficit of DM1.2bn in January from a surplus of DM3.3bn in December, and the trade surplus narrowed to DM1.3bn from DM3.5bn.

It was generally expected that the figures would show little movement and the news sparked some selling of the D-Mark.

The Spanish peseta remained up around its ERM ceiling, with a divergence indicator of 78 per cent. An indicator over 75 per cent carries with it a presumption, but not an obligation for action.

£ IN NEW YORK

Mar.7	Latest	Previous Close
£ Spot	1.8875-1.8885	1.8955-1.8965
1 month	0.98-0.96pm	1.01-0.99pm
3 months	2.64-2.61pm	2.74-2.71pm
12 months	7.70-7.60pm	7.90-7.80pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar.7	Previous
8.30 am	93.6	93.7
9.00 am	93.6	93.6
10.00 am	93.6	93.6
11.00 am	93.6	93.6
Noon	93.7	93.6
1.00 pm	93.6	93.6
2.00 pm	93.6	93.6
3.00 pm	93.7	93.6
4.00 pm	93.7	93.6

CURRENCY MOVEMENTS

Mar 7	Bank of England Index	Morgan** Guaranty Changes %
Sterling	93.7	-18.7
U.S Dollar	62.4	-16.6
Canadian Dollar	102.4	+1.3
Austrian Schilling	110.4	+12.4
Belgian Franc	112.2	-1.5
Danish Krone	110.6	+4.9
D-Mark	119.8	+25.8
Swiss Franc	111.6	+20.0
Dutch Guilder	115.3	+16.7
French Franc	104.1	-12.4
Lira	100.5	-18.8
Yen	130.9	+63.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Mar.6

CURRENCY RATES

Mar 7	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.743628	0.703106
U.S Dollar	6.00	1.40397	1.32782
Canadian $	9.97	1.62832	1.53934
Austrian Sch	7	15.2331	14.4254
Belgian Franc	10.50	44.6533	42.2378
Danish Krone	9½	8.33046	7.87992
D-Mark	6.50	2.16675	2.05055
Dutch Guilder	7.75	2.44319	2.31120
French Franc	10¼	7.37716	6.98232
Italian Lira	12½	1618.49	1531.50
Japanese Yen	6	191.853	180.716
Norway Krone	8	8.47155	8.01337
Spanish Peseta	-	134.913	127.626
Swedish Krona	10	8.03632	7.60573
Swiss Franc	6.00	1.88694	1.79122
Greek Drach	19	N/A	221.360
Irish Punt	-	N/A	0.769971

† European Commission Calculations.
* All SDR rates are for Mar.6

OTHER CURRENCIES

Mar 7	£	$
Argentina	17586.5 - 17690.4	9310.00 - 9360.00
Australia	2.4625 - 2.4645	1.3025 - 1.3035
Brazil	427.840 - 428.445	226.550 - 226.750
Finland	7.0185 - 7.0315	3.7150 - 3.7180
Greece	311.60 - 316.60	164.65 - 167.30
Hong Kong	14.7280 - 14.7415	7.7910 - 7.7930
Iran	124.20	65.00
Korea(Sth)	1363.40 - 1385.40	721.90 - 727.50
Kuwait	N/A	N/A
Luxembourg	60.05 - 60.15	31.80 - 31.90
Malaysia	5.1555 - 5.1640	2.7285 - 2.7305
Mexico	5622.05 - 5626.95	2977.00 - 2987.00
N.Zealand	3.1810 - 3.1860	1.6845 - 1.6875
Saudi Ar	7.0555 - 7.1270	3.7490 - 3.7510
Singapore	3.2845 - 3.2920	1.7400 - 1.7420
S.Af (Cm)	4.8795 - 4.8915	2.5920 - 2.5950
S.Af (Fn)	5.9575 - 6.0525	3.1545 - 3.2050
Taiwan	51.15 - 51.25	27.10 - 27.15
U.A.E.	6.9400 - 6.9805	3.6720 - 3.6740

* Selling rate

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Mar 7	Day's spread	Close	One month	% p.a.	Three months	% p.a
UK†	1.8855 - 1.8965	1.8860 - 1.8870	0.98-0.96cpm	6.17	2.63-2.60pm	5.54
Ireland†	1.7225 - 1.7320	1.7245 - 1.7255	0.61-0.56cpm	4.07	1.72-1.62pm	3.87
Canada	1.1575 - 1.1605	1.1595 - 1.1605	0.29-0.32cdis	-3.16	0.85-0.90dis	-3.02
Netherlands	1.7315 - 1.7455	1.7435 - 1.7445	0.33-0.35cdis	-2.34	0.97-1.02dis	-2.28
Belgium	31.60 - 31.90	31.80 - 31.90	6.00-8.00cdis	-2.64	17.00-22.00dis	-2.45
Denmark	5.9060 - 5.9375	5.9275 - 5.9325	1.59-1.89oredis	-3.52	4.70-5.30dis	-3.37
Germany	1.5355 - 1.5485	1.5470 - 1.5480	0.29-0.31pfdis	-2.33	0.88-0.91dis	-2.31
Portugal	134.00 - 134.45	134.35 - 134.45	79-84cdis	-7.28	262-273dis	-7.96
Spain	95.60 - 96.60	96.30 - 96.40	61-66cdis	-7.91	170-180dis	-7.27
Italy	1147.50 - 1156.50	1156.00 - 1156.50	5.30-5.80liredis	-5.76	15.00-16.00dis	-5.36
Norway	6.0050 - 6.0380	6.0300 - 6.0350	1.90-2.25oredis	-4.13	5.80-6.30dis	-4.01
France	5.2325 - 5.2750	5.2650 - 5.2700	1.11-1.16cdis	-2.59	3.40-3.50dis	-2.62
Sweden	5.7020 - 5.7325	5.7225 - 5.7275	2.40-2.65oredis	-5.29	7.25-7.70dis	-5.22
Japan	135.50 - 136.30	135.75 - 135.85	0.18-0.20ydis	-1.68	0.43-0.47dis	-1.33
Austria	10.8120 - 10.8720	10.8600 - 10.8650	2.00-2.40grodis	-2.43	6.20-7.30dis	-2.49
Switzerland	1.3365 - 1.3525	1.3495 - 1.3505	0.14-0.17cdis	-1.38	0.44-0.49dis	-1.38
Ecu	1.3280 - 1.3375	1.3280 - 1.3290	0.32-0.29cpm	2.75	0.93-0.87pm	2.71

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

POUND SPOT - FORWARD AGAINST THE POUND

Mar 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8855 - 1.8965	1.8860 - 1.8870	0.98-0.96cpm	6.17	2.63-2.60pm	5.54
Canada	2.1840 - 2.1960	2.1885 - 2.1895	0.60-0.51cpm	3.04	1.47-1.34pm	2.57
Netherlands	3.2825 - 3.2965	3.2850 - 3.2950	1⅛-1cpm	3.88	2⅛-1⅞pm	2.43
Belgium	59.90 - 60.25	60.05 - 60.15	21-15cpm	3.59	40-33pm	2.43
Denmark	11.1825 - 11.2235	11.1825 - 11.1925	2¼-2⅛orepm	2.75	6½-5½pm	2.12
Ireland	1.0900 - 1.0990	1.0935 - 1.0945	0.25-0.16cpm	2.25	0.58-0.37pm	1.74
Germany	2.9135 - 2.9225	2.9175 - 2.9225	1-⅞pfpm	3.85	2½-2¼pm	3.25
Portugal	252.75 - 254.50	253.10 - 254.10	9-29cdis	-0.90	134-174dis	-2.43
Spain	180.95 - 181.95	181.30 - 181.60	24-29cdis	-1.75	70-81dis	-1.66
Italy	2174.35 - 2183.85	2180.75 - 2181.75	2lirepm-par	0.55	2pm-par	0.18
Norway	11.3740 - 11.4115	11.3750 - 11.3850	2¼-1⅜orepm	2.11	4½-3⅝pm	1.47
France	9.9205 - 9.9530	9.9325 - 9.9425	3-2¼cpm	3.47	7⅜-7pm	2.89
Sweden	10.7950 - 10.8395	10.7950 - 10.8050	1-⅝orepm	0.9	1⅛-⅝pm	0.32
Japan	255.75 - 257.85	255.75 - 256.75	1-⅞ypm	4.39	2¾-2⅝pm	4.20
Austria	20.47 - 20.53	20.47 - 20.50	7-5⅞gropm	3.77	17-14⅝pm	3.11
Switzerland	2.5370 - 2.5525	2.5425 - 2.5525	1⅛-⅞cpm	4.71	2¾-2⅝pm	4.22
Ecu	1.4170 - 1.4190	1.4175 - 1.4185	0.42-0.38cpm	3.39	1.05-0.99pm	2.88

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.41-4.56cpm. 12 Month 7.67-7.57pm Correction for March 6, Netherlands Day's spread 3.2755-3.2875. Japan Close, 256.75-257.75

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Mar 7	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.626	-4.49	6.03	78
Italian Lira	1538.24	1531.50	-0.44	1.71	29
Belgian Franc	42.4032	42.2378	-0.39	1.66	27
D-Mark	2.05586	2.05055	-0.26	1.53	27
Dutch Guilder	2.31643	2.31120	-0.23	1.49	19
Irish Punt	0.767417	0.769971	0.33	0.93	-8
Danish Krone	7.84195	7.87992	0.48	0.78	-15
Sterling	0.696904	0.703106	0.89	0.37	-18
French Franc	6.89509	6.98232	1.27	0.00	-61

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads; the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Mar 7	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	13¼ - 13	13¼ - 12⅞	12 13/16 - 12¾	12 11/16 - 12 9/16	12 - 11 13/16	11 13/16 - 11 11/16
US Dollar	6⅞ - 6¾	6½ - 6⅜	6 13/16 - 6 11/16	6 13/16 - 6 11/16	6 13/16 - 6 11/16	7⅛ - 7 1/16
Can. Dollar	9¾ - 9⅝	9⅞ - 9⅝	9⅝ - 9½	9⅝ - 9½	9⅛ - 9⅛	9⅜ - 9¼
Dutch Guilder	9¼ - 8⅞	9¼ - 8⅞	9 1/16 - 8 15/16	9¼ - 8 15/16	9⅛ - 9	9⅛ - 9
Swiss Franc	8¼ - 8	8⅜ - 8⅛	8⅞ - 8⅝	8⅞ - 8⅝	8⅞ - 8	7⅞ - 7¾
D-Mark	8 13/16 - 8 11/16	8 13/16 - 8 11/16	9⅛ - 8 15/16	9⅛ - 9	9⅛ - 9	9⅛ - 9
French Franc	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9¾ - 9⅝	9½ - 9⅜	9⅝ - 9½
Italian Lira	13 - 11	12¼ - 11¾	12½ - 12	12⅛ - 11⅞	12⅛ - 11 13/16	12⅛ - 12
Belgian Franc	9⅜ - 9¼	9⅛ - 9⅛	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼
Yen	8⅝ - 8½	8⅝ - 8½	8⅝ - 8½	8⅝ - 8½	7⅞ - 7¾	7⅞ - 7¾
Danish Krone	10⅞ - 10⅝	10⅞ - 10⅝	10⅝ - 10⅜	10⅝ - 10⅜	10⅝ - 10⅜	10⅝ - 10⅜
Asian $Sing	6⅝ - 6½	6⅝ - 6½	6 13/16 - 6 11/16	6⅝ - 6½	6⅝ - 6½	7⅜ - 7¼

Long term Eurodollars: two years 7 13/16-7 11/16 per cent; three years 8⅛-8 per cent; four years 8⅜-8¼ per cent; five years 8½-8⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Mar.7	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.887	2.920	256.3	9.938	2.548	3.290	2181	2.189	60.10
$	0.530	1	1.547	135.8	5.267	1.350	1.744	1156	1.160	31.85
DM	0.342	0.646	1	87.77	3.403	0.873	1.127	746.9	0.750	20.58
YEN	3.902	7.362	11.39	1000.	38.77		12.84	8510	8.541	234.5
F Fr.	1.006	1.899	2.938	257.9	10.	2.564	3.311	2195	2.203	60.47
S Fr.	0.392	0.741	1.146	100.6	3.900	1	1.291.	856.0	0.859	23.59
H Fl.	0.304	0.574	0.888	77.90	3.021	0.774	1	662.9	0.665	18.27
Lira	0.459	0.865	1.339	117.5	4.557	1.168	1.508	1000.	1.004	27.56
C $	0.457	0.862	1.334	117.1	4.540	1.164	1.503	996.3	1	27.46
B Fr.	1.664	3.140	4.859	426.5	16.54	4.240	5.474	3629	3.642	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

London rates fall

CONFIDENCE WAS running at a high level on the London money market, despite any nervousness about a test of the UK government's popularity at yesterday's Ribble Valley by-election. The market was looking for the outcome of the parliamentary poll to provide guidance on the timing of a general election and any further reductions in UK bank base rates.

Fixed periods fell quite sharply to leave the important three-month sterling interbank rate discounting an early reduction of ½ point in base rates, as it declined to 12⅛-12 1/16 from 12 11/16-12⅝ per cent. One year money eased to 11⅝-11½ from 11 13/16-11 11/16 per cent.

UK clearing bank base lending rate
13 per cent
from February 27, 1991

Short sterling futures also showed increased optimism on Liffe. The most active month of June opened higher at 88.76 and closed at 88.80 compared with 88.72 previously.

Credit remained in difficult supply on the cash market and the Bank of England supplied nearly all its assistance after lunch, keeping the short-end of the market tight for most of the day.

A day-to-day shortage of £900m was initially forecast, but this was revised to £850m in the afternoon. Total assistance of £786m was provided.

An early round of help was offered, but at that time the authorities bought only £2m bank bills outright in band 1 at 12⅞ per cent. Before lunch £23m bank bills were purchased in band 2 at 12¾ per cent.

In the afternoon another £706m bills were bought, by way of £35m Treasury bills in band 1 at 12⅞ per cent; £241m bank bills in band 1 at 12⅞ per cent; £47m Treasury bills in band 2 at 12¾ per cent; and £383m bank bills in band 2 at 12¾ per cent. Late assistance of around £55m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £733m, with a rise in the note circulation absorbing £80m and bank balances below target £225m. These outweighed Exchequer transactions adding £140m to liquidity.

In Amsterdam the Dutch Central Bank left its money market intervention rate at 8.70 per cent when providing liquidity via seven-day special advances.

In Stockholm the Swedish Central Bank cut its discount rate to 10 from 11 per cent, in response to lower yields on the domestic money market.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.7) 3 months US dollars		6 months US Dollars	
bid 6½	offer 6⅝	bid 6½	offer 6⅝

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9
Broker loan rate	8½
Fed.funds	6¼
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	6.19	Three year	7.34
Two month	6.20	Four year	7.56
Three month	6.25	Five year	7.71
Six month	6.33	Seven year	7.97
One year	6.47	10-year	8.08
Two year	7.13	30-year	8.25

Mar.7	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.70-8.85	8.75-8.90	8.80-8.95	8.85-9.00	8.90-9.05	9.00
Paris	9¼-9⅜	9⅜-9½	9⅜-9½	9⅜-9½	9⅜-9½	9.25
Zurich	7⅝-7⅞	7⅞-8⅛	-	7⅞-8⅛	-	-
Amsterdam	9.13-9.25	9.00-9.10	-	9.00-9.10	-	-
Tokyo	8⅛-8 11/16	8⅛-8 11/16	-	7 15/16-8	-	-
Milan	12⅞-13¼	13⅛-13⅜	-	13⅛-13⅜	-	-
Brussels	9.07-9.19	9¼-9⅜	-	9⅜-9⅜	-	-
Dublin	11 1/16-11 3/16	11 5/16-11 7/16	10 13/16-11 1/16	10⅞-11	10 11/16-10 13/16	-

LONDON MONEY RATES

Mar 7	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14	13⅛	13 1/16	12⅝	12¼	11 13/16
Interbank Bid	8	12⅞	12⅞	12⅛	12	11 11/16
Sterling CDs	-	-	12 13/16	12½	12 1/16	11 11/16
Local Authority Deps.	13	13	12 13/16	12 7/16	12	11⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	13⅛	13	12⅞	12⅛	-	-
Company Deposits	-	-	13	12½	12 1/16	11 11/16
Finance House Deposits	-	-	13⅛	12 11/16	12 1/16	11 11/16
Treasury Bills (Buy)	-	-	12 13/16	11 13/16	11⅞	-
Bank Bills (Buy)	-	-	12 13/16	11⅞	11 13/16	-
Fine Trade Bills (Buy)	-	-	13 1/16	12½	11 13/16	-
Dollar CDs	-	-	6.77	6.70	6.72	7.07
SDR Linked Dep. Offer	-	-	8½	8⅛	8⅛	8⅛
SDR Linked Dep. Bid	-	-	8⅜	8⅛	8⅛	8⅛
ECU Linked Dep Offer	-	-	9⅞	9⅞	9½	9½
ECU Linked Dep Bid	-	-	9⅝	9⅝	9⅜	9⅜

Treasury Bills (sell); one-month 12 13/16 per cent; three months 11⅞ per cent; six months 11 11/16 per cent; Bank Bills (sell): one-month 12½ per cent; three months 11 13/16 per cent; Treasury Bills; Average tender rate of discount 11 8831 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 28, 1991. Agreed rates for period Mar 26, 1991 to April 22, 1991, Scheme I: 14.21 p.c., Schemes II & III: 14.63 p.c. Reference rate for period Feb 1, 1991 to Feb.28, 1991, Scheme IV&V. 13.357 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from March 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent. Under £100,000 10½ per cent from Oct 8, 1989. Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
89	4-00	4-58	0-22	1-04
90	3-14	4-14	0-36	1-24
91	2-32	3-37	0-54	1-47
92	1-55	3-01	1-13	2-11
93	1-23	2-32	1-45	2-42
94	0-62	2-04	2-20	3-14
95	0-44	1-43	3-02	3-53
96	0-30	1-22	3-52	4-32

Estimated volume total, Calls 2133 Puts 1955
Previous day's open int. Calls 10422 Puts 7365

LIFFE EUROMARK OPTIONS
DM1m points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
9000	0.96	1.18	0	0.01
9025	0.71	0.94	0	0.02
9050	0.46	0.71	0	0.04
9075	0.23	0.49	0.02	0.07
9100	0.04	0.30	0.08	0.13
9125	0.02	0.17	0.31	0.25
9150	0	0.09	0.54	0.42
9175	0	0.05	0.79	0.63

Estimated volume total, Calls 1078 Puts 820
Previous day's open int. Calls 23999 Puts 20631

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	92-05	92-01	91-16	91-20
Jun	92-21	92-25	91-29	92-03

Estimated volume 23790 (17822)
Previous day's open int. 34036 (34058)

US TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	95-25	95-29	95-13	95-18
Jun	95-01	95-05	94-20	94-25

Estimated volume 1798 (3074)
Previous day's open int. 5589 (5034)

6% NOTIONAL GERMAN GOVT. BOND
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Jun	86.04	86.09	85.58	85.75
Sep	86.30	86.30	86.23	85.91

Estimated volume 38266 (38005)
Previous day's open int. 64681 (65230)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Jun	95.78	95.79	95.60	95.94
N				
A				

Estimated volume 117 (89)
Previous day's open int. 304 (298)

9% NOTIONAL ECU BOND
ECU 200,000 100ths of 100%

	Close	High	Low	Prev.
Jun	98.44	98.45	98.06	98.20
Sep	98.46			98.22

Estimated volume 996 (3744)
Previous day's open int. 699 (0)

THREE MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Mar	87.68	87.69	87.62	87.60
Jun	88.80	88.82	88.74	88.72
Sep	89.30	89.31	89.24	89.22
Dec	89.44	89.44	89.37	89.38
Mar	89.41	89.41	89.38	89.38
Jun	89.38	89.40	89.35	89.34

Est. Vol. (inc. figs. not shown) 33821 (32620)
Previous day's open int. 148803 (146224)

THREE MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Mar	93.20	93.20	93.16	93.17
Jun	93.20	93.20	93.15	93.16
Sep	92.96	92.97	92.91	92.94
Dec	92.55	92.56	92.50	92.54

Est. Vol. (inc. figs. not shown) 3999 (4617)
Previous day's open int. 44829 (44766)

THREE MONTH EUROMARK
DM 1m points of 100%

	Close	High	Low	Prev.
Mar	90.96	90.97	90.93	90.95
Jun	91.17	91.18	91.12	91.16
Sep	91.37	91.38	91.32	91.35
Dec	91.46	91.46	91.39	91.42
Mar	91.55	91.58	91.53	91.55
Jun	91.75	91.72	91.69	91.71

Estimated volume 12907 (15774)
Previous day's open int. 97584 (98869)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Mar	90.53	90.51	90.44	90.45
Jun	90.75	90.76	90.71	90.67
Sep	90.90			90.81
Dec	91.07	91.10	90.95	90.98

Estimated volume 217 (248)
Previous day's open int. 2917 (2955)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Mar	2440.0	2467.0	2438.0	2469.0
Jun	2490.0	2506.0	2479.0	2509.5
Sep	2512.0			2541.0

Estimated volume 8171 (12440)
Previous day's open int. 32661 (33159)

EURO SWISS FRANC
SFr 1m points of 100%

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
92	3-43	3-58	0-41	1-28
93	2-58	3-18	0-56	1-52
94	2-15	2-47	1-13	2-17
95	1-42	2-16	1-40	2-50
96	1-11	1-53	2-09	3-23
97	0-52	1-30	2-50	4-00
98	0-34	1-10	3-32	4-44
99	0-22	0-58	4-20	5-28

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 165 Puts 38

LIFFE EURODOLLAR OPTIONS
US$1m points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
9225	0.95	0.96	0	0.01
9250	0.70	0.72	0	0.02
9275	0.45	0.51	0	0.06
9300	0.21	0.32	0.01	0.12
9325	0.06	0.18	0.11	0.23
9350	0.01	0.09	0.31	0.39
9375	0	0.04	0.55	0.59
9400	0	0.02	0.80	0.82

Estimated volume total, Calls 50 Puts 0
Previous day's open int. Calls 3164 Puts 2632

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar	95-24	95-27	95-13	95-15
Jun	95-02	95-04	94-21	94-24
Sep	94-13	94-14	94-02	94-04
Dec	93-27	93-27	93-17	93-19
Mar	93-12	93-12	93-12	93-03
Jun	-	-	-	92-21
Sep	-	-	-	92-08
Dec	-	-	-	91-28
Mar	-	-	-	-
Jun	-	-	-	-
Sep	-	-	-	-

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Jun	94.04	94.05	94.01	94.00
Sep	93.87	93.87	93.87	93.85
Dec	-	-	-	93.55
Mar	-	-	-	93.65
Jun	-	-	-	93.75

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.7431	0.7440	0.7406	0.7458
Jun	0.7406	0.7412	0.7381	0.7333
Sep	0.7363	0.7380	0.7363	0.7413
Dec	-	-	-	0.7407
Mar	-	-	-	-

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Mar	Calls Apr	Calls May	Calls Jun	Puts Mar	Puts Apr	Puts May	Puts Jun
1.900	0.68	1.68	2.18	2.74	1.98	3.65	4.96	6.34
1.925	0.07	0.92	1.47	2.00	3.86	5.44	6.69	8.00
1.950	0.08	0.45	0.90	1.37	6.18	7.47	8.63	9.89
1.975	-	0.18	0.51	0.90	8.63	9.70	10.75	11.92
2.000	-	0.07	0.26	0.57	11.11	12.04	12.98	14.07
2.025	-	0.03	0.11	0.34	13.60	14.45	15.30	16.31
2.050		-	0.06	0.18	16.09	16.90	17.69	18.61

Previous day's open int: Calls 358,277 Puts 429,994 (All currencies)
Previous day's volume: Calls 56,071 Puts 17,985 (All currencies)

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Close	Change	High	Low	Yield	Open int.
March	104.96	105.34	+0.30	105.46	104.94	9.07	48,830
June	105.56	105.90	+0.26	106.00	105.54	8.98	67,739
September	105.60	106.00	+0.32	106.02	105.60	8.97	5,830
December	-	-	-	-	-	-	0

Estimated volume 114,346 Total Open Interest 122,449

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls Sept.	Calls Jan.	Puts June	Puts Sept.	Puts Jan.
102	-	-	-	0.20	0.46	-
103	3.16	-	-	0.33	0.73	-
104	-	-	-	0.56	-	-
105	1.70	-	-	0.85	-	-
106	1.14	1.65	-	1.25	1.69	-
107	0.71	-	-	1.80	-	-
Open Int	85,358	17,874	108,757	14,502	N/A	N/A

Estimated volume 27,187 Total Open Interest 226,491

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int.
March	90.45	90.52	+0.07	90.53	90.45	9.48	12,780
June	90.70	90.77	+0.07	90.80	90.70	9.23	20,115
September	90.86	90.91	+0.05	90.92	90.86	9.09	4,624
December	91.01	91.03	+0.07	91.04	91.01	8.97	2,819

Estimated volume 10,404 Total Open Interest 40,338

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open int.
March	1825.0	1849.0	+16.0	1855.0	1823.0	8,718
April	1840.0	1868.0	+20.5	1868.0	1840.0	683
May	1852.0	1868.0	+16.0	1868.0	1852.0	0
June	1854.0	1865.0	+13.0	1865.0	1854.0	300

Estimated volume 10,090 Total Open Interest 9,701

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
8450	1.86	2.37	0.32	0.57
8500	1.49	2.02	0.45	0.72
8550	1.17	1.71	0.63	0.91
8600	0.89	1.42	0.85	1.12
8650	0.66	1.17	1.12	1.37
8700	0.48	0.96	1.44	1.66
8750	0.34	0.77	1.80	1.97
8800	0.24	0.61	2.20	2.31

Estimated volume total, Calls 2247 Puts 2721
Previous day's open int. Calls 41731 Puts 49389

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8675	0.93	2.05	0	0
8700	0.68	1.80	0	0
8725	0.44	1.56	0.01	0.01
8750	0.23	1.32	0.05	0.02
8775	0.09	1.09	0.16	0.04
8800	0.03	0.87	0.35	0.07
8825	0.01	0.66	0.58	0.11
8850	0	0.49	0.82	0.19

Estimated volume total, Calls 1583 Puts 1482
Previous day's open int. Calls 81078 Puts 66027

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Mar	0.7367	0.7375	0.7351	0.7382
Jun	0.7345	0.7350	0.7329	0.7328
Sep	-	-	-	0.7319
Dec	-	-	-	0.7329

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Mar	0.6482	0.6487	0.6473	0.6492
Jun	0.6444	0.6449	0.6436	0.6455
Sep	-	-	-	0.6422
Dec	-	-	-	0.6399

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar	93.19	93.20	93.18	93.16
Jun	93.20	93.20	93.15	93.14
Sep	92.95	92.96	92.91	92.92
Dec	92.54	92.55	92.52	92.52
Mar	92.36	92.36	92.34	92.34
Jun	92.09	92.10	92.07	92.07
Sep	91.89	91.89	91.86	91.86
Dec	91.66	91.67	91.65	91.64

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Mar	376.10	376.70	376.00	376.60
Jun	379.40	380.00	379.40	380.10
Sep	-	-	382.90	383.10

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8865	1.8768	1.8604	1.8407	1.8103

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Mar	1.8890	1.8904	1.8864	1.8896
Jun	1.8638	1.8648	1.8602	1.8638
Sep	-	-	-	1.8438

BASE LENDING RATES

	%		%		%
ABN Bank	13	Co-operative Bank	13	Nat Bk. of Kuwait	13½
Adam & Company	13	Coutts & Co	13	NatWestminster	13
Allied Trust Bank	13	Cyprus Popular Bk	13	Northern Bank Ltd	13
AIB Bank	13	Dunbar Bank PLC	13	Nykredit Mortgage Bank	13½
● Henry Ansbacher	13	Duncan Lawrie	13	Provincial Bank PLC	15
B & C Merchant Bank	13	Equatorial Bank plc	13	Roxburghe Bank Ltd.	14½
Bank of Baroda	13	Exeter Bank Limited	13½	Royal Bk of Scotland	13
Banco Bilbao Vizcaya	13	Financial & Gen. Bank	13	● Smith & Williamson Secs.	13
Bank Credit & Comm	13	First National Bank Plc.	16	Standard Chartered	13
Bank of Cyprus	13	● Robert Fleming & Co.	13	TSB	13
Bank of Ireland	13	Robert Fraser & Ptnrs.	13½	Unibank plc	13
Bank of India	13	Girobank	13	● United Bk of Kuwait	13
Bank of Scotland	13	● Guinness Mahon	13	United Mizrahi Bank	13½
Banque Belge Ltd	13	● Hambros Bank	13	Unity Trust Bank Plc	13
Barclays Bank	13	Hampshire Trust Plc	14½	Western Trust	13
Benchmark Bank	13	Heritable & Gen Inv Bnk.	13	Westpac Bank Corp.	13
Brit Bk of Mid East	13	● Hill Samuel	13	Whiteaway Laidlaw	13
● Brown Shipley	13	C. Hoare & Co.	13	Yorkshire Bank	13
CL Bank Nederland	13	Hongkong & Shanghai	13		
● Charterhouse Bank	13	● Leopold Joseph & Sons	13		
Citibank NA	13	Lloyds Bank	13		
City Merchants Bank	13	Meghraj Bank Ltd	13		
Clydesdale Bank	13	McDonnell Douglas Bnk.	13		
Comm.Bk.of London Plc	13	Midland Bank	13		
		Mount Banking	13		

● Members of British Merchant Banking & Securities Houses Association.

GLOBAL ALPHA STRATEGY FUND SICAV
comprising
PACIFIC ALPHA FUND
US/EUROPE ALPHA FUND

R.C. Luxembourg B 21433

Notice is hereby given to holders of shares in GLOBAL ALPHA STRATEGY FUND SICAV that the

ANNUAL GENERAL MEETING

of all shareholders shall be held at the registered office of the Company at 16, Boulevard Royal, Luxembourg, commencing at 11 a.m. on Monday 18th of March, 1991, to consider and vote upon the following agenda:

i) Submission of Directors' report for the year to 31st December 1990.
ii) Approval of the Annual Accounts for the year to 31st December 1990.
iii) Discharge to Directors of their duties.
iv) Payment of dividend.
v) Acceptance of the resignation of two directors of the company and discharge to them of their duties.
vi) Approval of the appointment of two new directors.

Holders of bearer shares who wish to attend at the meeting should deposit their shares at the registered office of the Company at least one business day before the meeting. Copies of the Annual meeting, including financial statements, will be available at the registered office 13 days before the date of the meeting.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

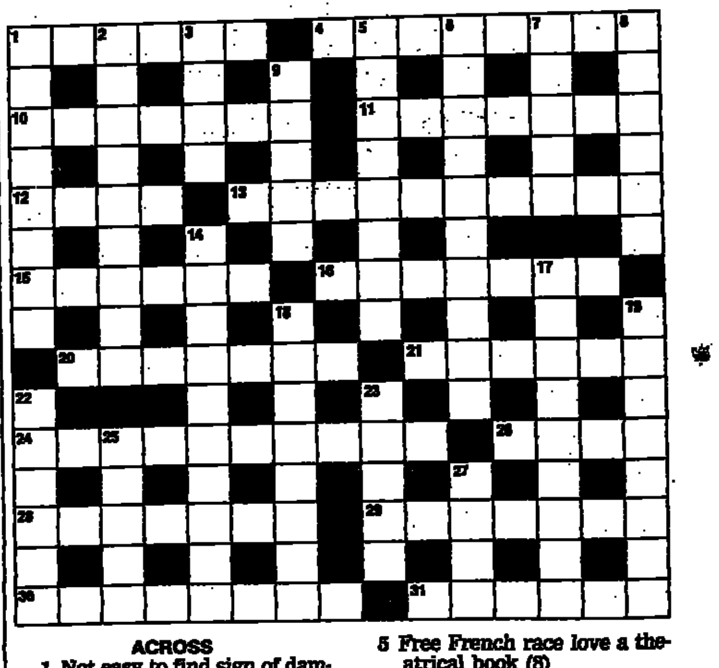
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

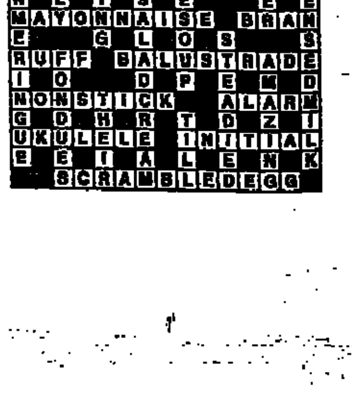
No.7,488 Set by HIGHLANDER



ACROSS
1 Not easy to find sign of damage to front of church (6)
4 Applaud section about rubbish (8)
10 Special coach for Yank crew (7)
11 Belly dancing with nothing on (7)
12 Equip a place in Latvia (4)
13 Skin lotion is sweet, hot and welcome (10)
15 Planet was located by vessel (6)
16 Reserve champion (5,2)
20 Mangle attacking player – outside-right (7)
21 Prefer number containing a five (6)
24 Mischievous child gets under damaged church folly (10)
26 An old instrument, fabricator said (4)
28 A small amount of the French consomme's available, one hears (7)
29 Landed on time and left – it's true (7)
30 Team travel through or use subsidiary entrance (4,4)
31 Mottled markings on last of old fruit (6)

DOWN
1 Drink newspapermen put down (8)
2 Refuse to take a noggin with a dangerous reptile about (9)
3 Spot where tents are affected (4)
5 Free French race love a theatrical book (8)
6 Prize day falling just before Easter (4,6)
7 In Brazil, bottomless jug for wine (5)
8 Better propeller in a flat-bottomed boat (6)
9 At home and away produce scoring shot (2-3)
14 Sounded definite (10)
17 By mistake individual lifted explosive device (5,4)
18 To this point, uses the Rouen version (8)
19 Loyal and devoted university player (4-4)
22 Does not make a hit with young ladies (6)
23 Steps on fish plate (5)
25 American poet's pen has weight (5)
27 Mount prior to going over (4)

Solution to Puzzle No.7,487



WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Mar. 6	Mar. 5	Mar. 4	Mar. 1	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2973.27	2972.52	2914.11	2909.90	2973.27 (6/3)	2470.30 (9/1)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	93.71	93.76	93.76	93.73	94.86 (15/2)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1151.62	1166.26	1142.45	1150.74	1166.26 (5/3)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	211.64	213.85	212.02	213.34	217.62 (11/2)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3002.72 (3017.82) Low 2963.61 (2957.67)

STANDARD AND POOR'S	Mar. 6	Mar. 5	Mar. 4	Mar. 1	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	376.17	376.72	369.33	370.47	376.72 (5/3)	311.49 (9/1)	376.72 (5/3/91)	4.40 (1/6/32)
Industrials	447.26	447.21	437.60	438.58	447.26 (6/3)	364.90 (9/1)	447.26 (6/3/91)	3.62 (21/6/32)
Financial	29.01	29.15	28.57	28.63	29.15 (5/3)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	205.53	205.74	202.08	202.40	205.74 (5/3)	170.97 (9/1)	205.74 (5/3/91)	4.46 (25/4/42)
Amex Mkt. Value	354.66	354.39	349.80	348.14	354.66 (6/3)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	473.80	473.05	461.13	456.73	473.80 (6/3)	355.75 (14/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Mar. 1	Feb.22	Feb.15	year ago (approx.)
Dow Industrial Div. Yield	3.45	3.47	3.44	4.11
	Feb.27	Feb.20	Feb.13	year ago (approx.)
S & P Industrial div. yield	2.89	2.19	2.91	3.16
S & P Indl. P/E ratio	17.75	17.77	17.89	14.32

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Nabisco RJ	8,603,100	10¼	+ ¼
Upjohn	3,942,200	42	- 3
West Elec	2,935,200	30⅛	+ ½
Philip Morris	2,919,600	67⅞	- ⅛
Citicorp	2,735,700	15⅞	+ ⅜
Ford Motor	2,582,000	34⅛	+ ¼
Pepsico	2,389,600	32½	- 1⅜
Amer Express	2,319,300	27⅛	+ ⅜
Boeing	2,288,000	50⅛	...
Adv Micro	2,122,200	9⅝	- ⅛

TRADING ACTIVITY

† Volume (Millions)	Mar. 6	Mar. 5	Mar. 4
New York	262.290	253.700	199.830
Amex	21.242	18.560	17.550
NASDAQ	(u)	224.878	149.792
Issues Traded	2,064	2,057	2,040
Rises	890	1,269	1,025
Falls	770	386	587
Unchanged	404	403	428
New Highs	181	183	107
New Lows	5	3	6

CANADA

TORONTO	Mar. 6	Mar. 5	Mar. 4	Mar. 1	1991 HIGH	1991 LOW
Metals & Minerals	3244.10	3284.18	3221.57	3150.33	3284.18 (5/3)	2632.06 (9/1)
Composite	3571.53	3561.90	3519.06	3471.42	3571.53 (6/3)	3161.95 (15/1)
MONTREAL Portfolio	1884.27	1888.19	1861.90	1832.47	1888.19 (5/3)	1686.89 (9/1)

Base values of all Indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Mar. 7	Mar. 6	Mar. 5	Mar. 4	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1411.5	1413.4	1375.0	1387.2	1413.4 (6/3)	1204.5 (16/1)
All Mining (1/1/80)	633.1	628.4	599.3	604.6	633.1 (7/3)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	508.84	508.25	491.19	489.59	508.84 (7/3)	390.84 (15/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5775.05	5740.84	5634.74	5621.11	5775.05 (7/3)	4664.84 (16/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	350.60	347.34	346.19	350.00 (6/3)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1070.3	1028.8	1015.6	1014.0	1070.3 (7/3)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	482.67	483.81	472.14	468.01	483.81 (6/3)	394.88 (15/1)
CAC 40 (31/12/87)	1831.85	1821.01	1800.63	1766.74	1831.85 (7/3)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	675.37	673.68	659.47	651.92	678.31 (25/2)	570.48 (15/1)
Commerzbank (1/12/53)	1921.0	1917.2	1875.7	1854.9	1935.1 (25/2)	1612.5 (15/1)
DAX (30/12/87)	1580.46	1594.32	1540.26	1530.86	1601.15 (25/2)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3658.24	3647.33	3600.49	3564.34	3658.24 (7/3)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1433.97	1420.36	1396.80	1386.20	1433.97 (7/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	575.80	576.72	562.50	561.22	582.09 (25/2)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	26397.96	26382.99	25913.48	25976.02	26462.76 (25/2)	22442.70 (16/1)
Tokyo SE (Topix) (4/1/68)	1955.61	1958.21	1928.98	1925.80	1963.44 (25/2)	1625.00 (17/1)
2nd Section (4/1/68)	3089.90	3082.01	3026.07	3002.84	3089.90 (7/3)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	599.81	596.29	577.55	567.83	599.81 (7/3)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	257.8	257.3	251.5	250.5	257.8 (7/3)	221.4 (16/1)
CBS All Shr (End 1983)	188.5	188.1	183.9	183.2	188.5 (7/3)	162.3 (16/1)
NORWAY						
Oslo SE Indx (2/1/83)	727.21	730.49	711.28	704.58	730.49 (6/3)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	971.43	967.26	941.09	933.58	1006.04 (25/2)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	414.72	410.83	403.14	398.89	414.72 (7/3)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1083.0♣	1071.0	1088.0	1083.0	1367.0 (14/1)	971.0 (25/2)
JSE Industrial (28/9/78)	3266.0♣	3260.0	3214.0	3200.0	3266.0 (7/3)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	674.87	676.37	669.83	670.42	697.62 (4/1)	614.60 (16/1)
SPAIN						
Madrid SE (30/12/85)	272.59	271.83	264.13	263.03	272.59 (7/3)	213.70 (14/1)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1100.3	1088.3	1067.6	1064.0	1100.3 (7/3)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(u)	726.4	712.4	705.4	726.4 (6/3)	590.4 (14/1)
SBC General (1/4/87)	(u)	603.6	593.5	589.0	603.6 (6/3)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4622.40	4487.84	4527.51	4624.04	5181.98 (21/2)	3516.26 (16/1)
THAILAND						
Bangkok SET (30/4/75)	817.23	803.21	787.10	787.57	823.65 (19/2)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	522.6*	521.7	520.4	513.8	524.2 (18/2)	439.1 (16/1)

**Saturday March 2: Taiwan Weighted Price: 4644.45. Korea Comp Ex. 677.55.
♣ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all Indices are 100 except: Brussels SE, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 7 March 1991

	Stocks Traded	Closing Prices	Change on day
S'tomo Metal	17.7m	530	+8
Mineaba	16.8m	1,110	-30
Hitachi	9.9m	1,280	-50
Toshiba	9.6m	684	-11
I'jima-Hima	9.0m	755	-13
M'bishi Elec	8.7m	790	-19
Fuji Elec	8.6m	883	+5
Nippon Oil	7.8m	1,200	+50
M'bishi Heavy	7.8m	815	+19
Honshu Paper	7.2m	1,740	+20

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) Unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

3:00 pm prices March 7

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14⅝	9¼	AAR Corp	0.48	0.03	11	476	14½	13¾	14¼	
25¾	21⅝	A L Labs A	0.16	0.01	20	145	25¼	24⅞	25¼	+½
54⅛	40⅞	AMP Inc	1.44	0.03	18	1096	53¾	52⅞	53¼	-⅜
63	44¼	AMR			9	35611	60⅝	59½	59¾	-1⅛
2⅛	1¼	ARX			2	218	2	1⅞	1⅞	
49⅜	41½	ASA	3.00	0.06	13	463	47	46¼	46¼	-½
47⅞	39¼	Abbott Lab			20	3001	46⅝	46¼	46¼	-¼
13¼	9⅞	Abitibi Pr	0.50	0.04	19	85	u13¼	13⅛	13¼	
11⅛	10⅛	ACM Gvt In x				316	11	10⅞	11	+⅛
9⅞	8¾	ACM GvOpp x				14	9¾	9⅝	9⅝	+⅛
9	8¼	ACM Gvt Sp x	0.34	0.04		288	8¾	8⅝	8¾	+⅛
10¾	9⅞	ACM Gvt Se				780	10⅝	10⅝	10½	
8¼	7⅞	ACM Man x				359	7⅞	7¾	7¾	-⅛
12⅝	11⅞	ACM Mangd x				211	12½	12¾	12⅜	-⅛
7¼	4¼	Acme Cleve	0.40	0.05	19	8	7⅛	6⅞	6⅞	-⅛
6	4¾	Acme Elect			16	6	5	5	5	-⅛
37⅝	22¾	Acuson			26	630	36½	35¾	35⅝	-⅞
17⅛	14¼	Adams Expr	0.48	0.03	0	125	17	16⅞	16⅞	
20	18⅞	Adobe12Pf				11	u20	19⅞	20	+⅛
9⅞	7½	Adobe Res			22	19	8⅞	8½	8½	-⅛
28⅞	18	Ad Micro x				18	27⅞	27⅞	27⅞	-¼
10⅛	4⅞	Ad Micro P	3.00	0.31	18	7331	9¾	9½	9⅝	
4⅛	2¼	Advest Grp			3	12	4	3⅞	4	-⅛
48⅞	33⅞	Aetna Lf	2.76	0.06	7	1267	46⅛	45⅝	45⅞	-⅛
10⅝	6¾	AfIll A	0.24	0.02	28	632	10⅛	9⅞	9⅞	-⅛
18⅝	12	Ahmanson	0.88	0.05	9	7384	18⅛	17¾	17⅞	-⅛
3⅞	2⅞	Aileen Inc			6	218	3½	3¼	3¼	-¼
69	51¾	Air Pr Chm			15	2488	u69⅝	67⅞	68⅝	+⅝
26	16⅝	Airbne Frt	0.30	0.01	12	1344	22¼	21¾	21⅞	-⅞
19⅞	12½	Airgas Inc			18	63	16¼	15⅝	15¾	
15⅛	10	Airlease	2.40	0.19	6	155	13⅝	12¾	13	-½

[illegible]

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
58½	47¾	Quaker Oat	1.56	0.03	19	1197	57¼	56⅝	57⅛	-⅛
12⅞	9¾	Quaker St	0.80	0.06	17	300	12½	12⅛	12¼	+⅛
18¼	11⅞	Quanex	0.48	0.03	6	1195	18	17⅞	17⅞	+⅛
19⅝	11⅛	Quantum Ch			22	727	17⅞	17⅝	17¾	-⅛
14⅜	10½	QuesVal D	0.40	0.03		277	14¼	14	14⅛	-⅛
13½	12⅝	QuesVal P				45	13⅜	13¼	13⅜	+⅛
38⅞	33¼	Questar	1.56	0.05	12	22	37¾	37⅜	37⅝	-⅛
18¼	10	Quick R'ly x	0.28	0.02	15	150	u18¼	18¼	18¼	

- R - R -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
11½	10⅝	RAC Inem	0.42	0.04		84	u11½	11¼	11¼	-⅛
7	4⅞	RAC Mortg	0.60	0.09	7	178	6⅝	6½	6⅝	
10⅞	4½	RJRNab wts				1064	10¾	10¼	10⅝	+⅜
15⅝	11⅝	RLI Corp	0.44	0.03	7	76	u16	15¾	16	+⅜

1991 High	1991 Low	Stock	Div.
26	20⅞	Standex	0.72
42¼	32⅛	Stanhome	0.92
36⅝	26⅛	StanleyWk x	1.20
24⅝	20⅛	Starrett	0.68
9⅞	9⅜	State Mut x	0.96
3⅝	2⅝	Steego Crp	
50¼	43	SingSt7.20	
8⅞	7⅛	SterlgBcrp	0.22
7⅛	4⅝	SterlgChem	
13¼	7⅜	SterlgSwre	
5⅜	3¾	Stifel Fin	
36¼	20⅞	Stone&Web	0.60
18⅞	9	Stone Cont	0.72
5⅝	3½	Stoneridge	
8¼	6⅜	Storage Eq x	0.60
31⅞	17¾	Storage Te	
31⅜	20½	Stratus	
38⅞	28⅛	StrideRite x	0.40
25¾	20⅛	Sturm Rgr x	1.20
9⅝	6⅞	Suave Shoe	0.30
9⅞	7⅜	Sun Dis A x	1.10
3⅝	2½	Sun Dis B	1.32
11⅞	7⅝	Sun Electr	
10⅜	8⅝	Sun Energy	1.62
33½	23⅞	Sundstrand x	1.10

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
1½	½	Zapata				0 384	1⅛	1⅛	1⅛	
8⅞	6⅛	ZenithElec				4 372	8¼	8	8⅛	-⅛
17¼	12	Zenith Nat	1.00	0.06	38	9	17½	17¼	17⅜	
5⅝	4½	Zenix Inc	0.28	0.05		145	5½	5⅜	5⅜	
13⅞	10⅞	Zero Corp	0.72	0.05	13	88	u13⅞	13¼	13⅜	
41⅜	29½	Zurn Ind	0.88	0.02	16	302	39⅞	39¼	39⅝	+⅛
12⅞	10¼	Zweig Fund				177	12¾	12⅝	12⅝	-⅛
9¾	8½	Zweig Totl				671	9⅝	9¾	9½	

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices March 7

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pac HI&P	1.70	4	7	8½	8	8	-¼
Phil LD	0.16	5	117	u13⅞	13½	13⅞	+⅜
Pitway A		10	66	25	24¾	25	+¼
PLY-Gem	0.12	22	145	7¼	6⅞	7	-⅛
PresidioA	0.10	3	405	5	4⅞	4⅞	-⅛

NASDAQ NATIONAL MARKET

3:00 pm prices March 7

FINANCIAL TIMES Friday March 8 1991

3:00 p

AMERICA

Dow hangs on to most of recent rise despite pause

Wall Street

WALL STREET paused yesterday after this week's rally and equities traded in a narrow range in the absence of any fresh impulses, *writes Karen Zagor in New York.*

The Dow Jones Industrial Average hovered near Wednesday's close of 2,973.27 for most of the morning and at 2 pm it was off 3.47 at 2,969.80. *Declining issues led those advancing* by a ratio of eight to seven on the big board at midday. At 1 pm, the Standard & Poor's 500 was up 0.68 at 376.85 and the American Stock Exchange index was up 0.61 at 355.27.

In spite of the Dow's failure to hold above the 3,000 level on Wednesday, the sell-off predicted by *some* analysts had not materialised by midsession.

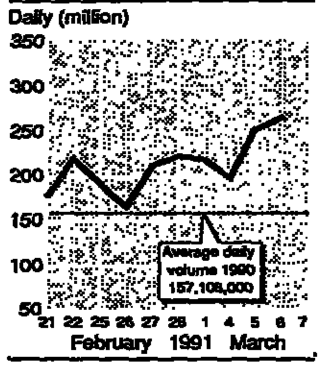
Leucadia soared $5¼ to $28. The company, which describes its businesses as a "confusing stew" of financial services and light engineering, has proposed that its 67 per cent-owned PHL Corp unit acquire all of Leucadia's *shares in a stock swap* merger. PHL Corp, formerly the Baldwin United insurance group, *slid $⅝ to $14¾.*

Gerber, the baby food manufacturer, dropped $3 to $57¼ after Merrill Lynch downgraded its rating on the stock and slashed its 1992 earnings estimates for the company.

International Rectifier eased $⅜ to $16⅝ in very heavy trading after the company filed with the Securities & Exchange Commission for a 4.2m share offering.

Chrysler, which halved its *quarterly dividend to 15 cents* a share, fell $⅛ to $13¾. Among other auto companies,

NYSE volume



Ford rose $⅛ to $34⅝ and General Motors lost $⅜ to $39⅜.

The secondary market was little changed yesterday *morning*, with the Nasdaq composite quoted 0.46 higher at 474.26 at midsession.

Amgen added $8¼ to $121¼ after a $12 gain on Wednesday. The biotechnology company won an important patent dispute over its EPO drug, to treat anaemia in kidney dialysis patients. Other biotechnology issues also rose. Genzyme added $¼ to $37¼, Collagen rose $2 to $33¼ and Cetus firmed $⅜ to $14.

Most technology stocks, on the other hand, lost ground, *but Apple Computer* added $2 to $65 after a federal judge moved Apple's copyright suit against Microsoft and Hewlett-Packard closer to resolution. Hewlett-Packard, traded on the New York Stock Exchange, *fell $⅛ to $49⅜.*

Micro Healthsystems jumped $3⅜ to $33⅜ after announcing *a two-for-one stock split.*

Canada

TORONTO stocks were lower at midday after profit-taking cut the morning's slight gains. By *midsession* the composite index had lost 0.4 to 3,571.3. Advances led declines by 222 to *201 on volume of 15.6m shares.*

The Canadian Imperial Bank of Commerce was flat at C$31 after saying that first quarter earnings slipped to 98 cents per share from C$1.15.

Labatt fell C$¼ to C$24¾ *after reporting late on Wednesday* that third quarter earnings fell to 15 cents per share from 39 cents.

Spar firmed C$⅛ to C$13⅜. The Federal Canadian Space Agency said it had awarded Spar a C$195m contract for work on the space station, Freedom.

Interest rate fall boosts Mexico

By Damian Fraser in Mexico City

MEXICO's stock market fell back yesterday morning, after reaching a record high on *Wednesday as interest rates* declined to an all-time low.

In hectic trading on Wednesday, described as *reminiscent* of the boom in mid-1987, the bolsa index peaked at 717,414 before closing at 701,814, up 13,583 *or 2 per cent. The market* has gained 8 per cent since Friday. The index lost about 2,800 points or 0.4 per cent by noon yesterday.

The yield on 28-day government paper fell to 22.14 per cent on Wednesday. The fall in interest rates – down by 10 percentage points since June 1990 – has helped the government's servicing of its $50bn internal debt: every single percentage point fall reduces repayments by about $500m. However, analysts are worried that lower rates and faster-than-expected economic growth will increase the risk of over-heating.

Wednesday's market rally was also fuelled by good 1990 results from Telmex, the partially privatised telephone *monopoly*, which saw *profits* rise more than 100 per cent in real terms. Telmex, which makes up 20 per cent of the market capitalisation, ended 450 pesos or 8 per cent higher at 5,975 pesos and accounted for 46 per cent of total market turnover. The shares reached 6,050 pesos *early yesterday.*

Telmex's gains were said to bode well for the government's planned international offering of *non-voting shares* in May, which aims to raise $2.5bn. During the Gulf war, there *was talk of postponing the sale* of the stake.

Baring Research in Mexico City attributes much of the recent market rise to an increase in foreign investment. Barings estimates that 60 per cent of the total market float of about $20bn is in foreign hands.

Frankfurt labours under unification costs

Higher taxes will make it difficult for Ostphantasie to return, says **Katharine Campbell**

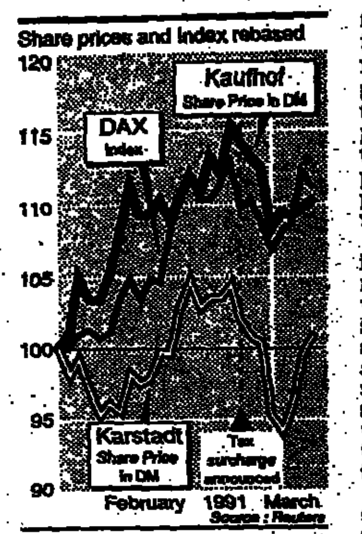
THE STORM of protest unleashed by Bonn's hefty tax package last week was mirrored in the immediate reaction of the domestic stock market, which *fell nearly 3 per cent on the* day of the announcement.

It has improved since then, with a big day on Wednesday when it followed Wall Street up. However, the 12-month tax package, which will boost the *country's depleted central* coffers by an estimated DM18bn ($11.6bn) in the second half of this year and *DM28bn in the* first half of next year, serves as a basic reminder of how the burdens of unification continue *to exorcise any spirit of Ostphantasie* that might try to return to the German market.

"It provides just another reason not to buy this market," was a view echoed by a num*ber of analysts.* The 7.5 per cent surcharge on income and corporation tax, for one year from July 1, together with other measures including an extra 25 pfg on a litre of petrol, have caused a downward revi*sion of* already relatively gloomy German corporate profits forecasts, with brokers shaving off slightly more for 1992 than for 1991 as the effects accumulate. Most have cut 1 to 2 per cent for this year and 2 to 3 per cent *for next.*

However, at this stage, brokers are reluctant to be specific about how much extra tax German companies will pay in the end. "It is only a higher rate on whatever they choose to *declare,"* was the opinion of one. It was also pointed out that the surcharge applies only to domestic earnings, although overseas profits, of course, are under great pressure already because of the more severe *recession outside Germany.*

Opinions also differ as to the effect on previously high levels *of investment spending.* While the fiscal measures could have a depressive effect, the fact the higher *taxes* were crammed into a single year might prove



an incentive to accelerate projects in order *to create generous write-downs.*

Meanwhile, inevitably, both growth and inflation will be affected. Initial calculations from Cologne's economic institute suggest that the growth rate in western Germany's gross national product (GNP) this year could slide by 0.5 to 1 percentage point. At the same time, other estimates suggest a potential addition of 0.6 of a percentage point to inflation in the third quarter of 1990.

Higher taxes could also inject a note of further acrimony into the wage rounds – where the transport and public service workers, for instance, are demanding 10 per cent already. Then there is consumer spending; retail stocks, such as Kaufhof and Karstadt, were the hardest hit sector of the market last week, losing 6 to 8 per cent.

Other factors, notably the dollar, are sometimes perceived as far more significant than domestic tax changes. The market's narrow base, combined with the predominance of cyclical and export-oriented industries like chemicals and carmakers, meant last year that, in spite of GNP powering along at 4.6 per cent, corporate earnings of quoted companies fell by 6 per cent. *Most forecasts* see a 6 to 10 per cent dip in earnings this year, with a turnround in 1992.

However, since February 11, the *dollar* has risen from DM1.4430 to DM1.5475; the potential effect of this on the cyclicals' earnings was given this week, along with the strength of Wall Street, as a reason for Wednesday's 3.5 per cent jump in the DAX index.

Some analysts say that the dollar is far more significant for overall earnings and hence the health of the market than are the effects of east Germany – whether these be the negative influence of unification taxes or the more positive effects on industry's order books. Others, including Morgan Stanley in London, say that the domestic economy is now weakening and that we could still see an 8 per cent drop in earnings in 1991.

EUROPE

Continental rally falters as profit-taking sets in

PROFIT-TAKING emerged yesterday after the previous day's rally, but Wall Street's modest opening gains lent *some support to* late-closing markets, *writes Our Markets Staff.*

PARIS calmed down *a little*, but kept rising. The CAC 40 index gained 10.84 to 1,831.85, mainly on domestic institu*tional buying.*

Turnover was moderate at about FFr2.86bn after being active on Wednesday, when volume on Monep, the options market, reached a record 69,272 lots worth FFr432m, with calls *leading puts* by 53,257 *to* 16,015.

Blue chips mixed continued demand and profit-taking. Total gained FFr26 or 3.8 per cent to FFr701 with 111,150 shares exchanged, Alcatel-Alsthom rose FFr17 to FFr624 on 361,720 shares and Société Générale added FFr14 to FFr449.

Béghin-Say, the sugar producer, shed FFr33 before clos*ing FFr14 lower at FFr719,* after forecasting higher profits. Skis Rossignol fell FFr21 to FFr724 after forecasting a much higher loss for the year ending March 31. La Rochette, the paper and packaging group, ended FFr2 down at FFr74 after saying that it could not rule out a net loss in 1991.

FRANKFURT eased on profit-taking, the DAX index closing 13.86 lower at 1,580.46 after a 1.69 rise to 675.37 in the FAZ at midsession. Volume came back from DM9bn to DM7.3bn.

Wednesday's utilities revival went into reverse. *In spite of a* 26 per cent rise in 1990 earnings, Viag fell DM5 to *DM344.50;* RWE dropped DM8.50 to DM399; and Veba lost DM8.70 to DM335 as its 1990 net profits fell 13 per cent.

Cyclicals like chemicals and carmakers saw patches of relative strength, but Allianz, the insurer, dropped DM48 to DM2,412 after it forecast escalating losses at an east German joint venture.

Some retailers, meanwhile, regained part of their losses, Asko rising DM16 to DM760, Douglas DM14 to DM751 and Karstadt DM10 to DM570.50.

STOCKHOLM continued to rise as the central bank cut its discount rate to 10 per cent *from 11 per cent.* The Affärsvärlden General index added

FT-SE Eurotrack 100 - Mar 7							
Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1084.19	1083.44	1086.70	1088.51	1086.89	1086.77	1086.60	1087.99
Day's High 1088.97				Day's Low 1082.86			
Mar 6	Mar 5	Mar 4	Mar 1	Feb 28			
1089.64	1084.17	1054.99	1045.70	1058.74			

Base value 1000 (26/10/90)

12.0 to 1,100.3, a 1991 high, in volume of SKr592m.

Ericsson free Bs rose SKr1 to SKr225 in active trading on rumours that the company would raise its profit forecast.

*ZURICH slipped on profit-*taking as foreign investors stayed away. The Crédit Suisse index lost 4.0 to 555.8.

Omni, the holding company, fell SFr80 or 30.8 per cent to SFr180 after Wednesday's news that it was seeking court protection from its creditors. Registered shares in Sulzer, in which Omni has a 30 per cent *holding, fell SFr170 to SFr4,730.* Adia bearers rose SFr5 to SFr905; Omni said that it had not yet fully concluded the sale of its 53 per cent stake in the employment company to Askö, the German retailer.

MILAN ended mixed after an early rally petered out. The Comit index fell 0.92 to 575.80 in volume estimated at less than Wednesday's relatively heavy L232bn.

Fiat fell L23 to L5,472. After the market closed, industry data showed that Fiat's domestic market share fell to 47 per cent in February from 55 per cent in that month last year.

BRUSSELS was mixed. The cash market index rose 34.21 to 5,775.05 but the forward market index closed 1.21 down at 5,742.43. Volume totalled BFr1.14bn. Générale de Banque put on BFr160 to BFr5,520 after Wednesday's good results, while Bekaert, the steel wire and cord maker which has risen strongly recently, fell BFr460 to BFr9,080 on a magazine report that it would make a BFr450m consolidated net loss for 1990.

AMSTERDAM recouped early losses on foreign buying, and closed mixed. The CBS tendency index closed up 0.1 at 92.9, having ranged between 92.4 and 93.3.

MADRID recovered from its early weakness, the general index closing 0.76 higher at 272.59 in turnover of about Pta19bn, down from Wednesday's active Pta27.6bn. Uralita, the construction company, rose Pta45 to Pta1,950.

OSLO slipped on profit-taking. Turnover fell to NKr165m from NKr626m as the all-share index lost 3.19 to 499.01.

SOUTH AFRICA

JOHANNESBURG rose again but traders grew cautious. The all-share index added 3 to 2,868 but was off a high of 2,875. The industrial index put on 6 to 3,280, while the all-gold index rose 12 to 1,868 on firmer bullion prices.

ASIA PACIFIC

Nikkei loses early gains as volume slips

Tokyo

SHARE prices ended only slightly higher yesterday, after small-lot selling cut early advances inspired by Wall Street's strength, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed up 14.97 at 26,297.96 against a day's high of 26,478.15 and a low of 26,244.30. Volume fell from 650m shares to 550m. Investors refrained from activity before the release of the special quotation, or settlement price, for the March contract for futures and options.

Declines outnumbered rises by 518 to 481, while 144 issues were unchanged. The Topix index of all first section stocks lost 2.80 to 1,955.81, and in London trading the ISE/Nikkei 50 index edged ahead 1.46 to 1,509.92.

Traders said some institutions felt that the mid-26,000 level was the top of the trading range, and started to sell off some of their holdings.

Technology stocks retreated on profit-taking. Hitachi shed Y50 to Y1,280. Motor issues were sought by foreigners, but lost most of their gains on selling by investment trusts.

Keyence, a measuring control maker, dropped Y1,400 to Y11,900 on news that the company had decided not to have a gratis issue but to increase the dividend by Y4 or Y5 from the previous Y10.

Itoman, the weakest spot of the day, fell Y100 or 12.8 per cent to Y680. A report submitted to the Ministry of Finance said a major shareholder had sold part of his stake.

Ishii Iron Works, an oil storage tank maker, slipped Y70 to Y1,150 on reports that pre-tax profits for the year to March would be down 63 per cent.

The oil sector was the best performer, climbing 3.8 per cent on reports that some oil refiners were applying to increase capacity. Nippon Oil put on Y50 to Y1,200.

Sumitomo Metal Industries, the most active issue of the day, moved up Y8 to Y530 on news that the company would resume steel pipe production in Saudi Arabia from April.

In Osaka, the OSE average gained 132.83 to 29,168.55 on volume of 60m shares. Shokusan Jutaku Sogo, a builder of luxury wooden houses, added Y70 at Y1,120. The stock has risen on speculative buying.

Itoki Kosakusho advanced Y100 to Y2,740 on brisk sales of its office furniture. Its pre-tax profits for the current business year are expected to reach a record Y6.6bn.

Roundup

THE PACIFIC Basin markets were absorbed with domestic issues yesterday.

HONG KONG advanced for the sixth day in busy but lower turnover of HK$2.23bn (HK$2.46bn). The Hang Seng index rose 10.91 to 3,658.24.

Utility and property stocks led the gains. Hang Seng Bank firmed another 20 cents to HK$29 before today's results.

AUSTRALIA's weakening dollar boosted interest in metals and resources. CRA rose 25 cents to A$11.75 in spite of the drop in 1990 profits. Woodside Petroleum gained 9 cents to A$3 on higher profits and a maiden dividend.

Goodman Fielder Wattie, the food company, moved ahead 7 cents to A$1.68 on a 64.5 per cent jump in first-half profits. The All Ordinaries index eased 1.9 to 1,411.5 on turnover up from A$259m to A$294m.

NEW ZEALAND's Barclays index rose 9.29 to 1,358.60. Brierley Investments shed 5 cents to NZ$1.05 on a decline in first-half net profits. Brierley also sold its entire 14 per cent stake in Lion Nathan for NZ$170m, boosting overall market turnover from Wednesday's NZ$12.5m to NZ$191.4m. Lion Nathan rose 8 cents to NZ$3.20.

BOMBAY plunged 7.6 per cent after the resignation of Prime Minister Chandra Shekhar. Traders feared that a general election could affect negotiations with the IMF for a $2bn loan to tide the country over its foreign exchange crisis. The BSE index dropped 94.33 to 1,151.05.

TAIWAN ended five days of weakness as the cabinet approved a deficit budget for 1991-92. The weighted index rose 134.56 or 3 per cent to 4,622.40 as turnover fell from T$36.6bn to T$30bn. BANGKOK reflected confidence in the new interim cabinet. The SET index added 14.02 or 1.5 per cent at 817.23. In SINGAPORE, rumours of a cut in steel prices pushed Natsteel down 95 cents to S$9.05 and held the Straits Times Industrial index to a gain of just 1.64 to 1,512.57.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY MARCH 6 1991								TUESDAY MARCH 5 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990/91 High	1990/91 Low	Year ago (approx)
Australia (75)	130.46	+2.3	102.34	112.28	104.52	112.80	+3.0	5.95	127.50	99.39	109.08	101.62	109.57	158.31	112.74	140.33
Austria (19)	216.31	+0.4	169.68	186.16	173.30	173.69	+1.7	1.57	215.48	167.94	184.34	171.72	170.71	285.63	187.00	271.19
Belgium (60)	150.38	+0.6	117.97	129.42	120.48	118.12	+1.8	4.99	149.18	116.29	127.63	118.90	118.07	160.02	121.73	138.24
Canada (116)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark (32)	266.29	+0.6	208.88	229.16	213.34	215.04	+1.4	1.81	264.65	206.29	226.43	209.93	212.10	277.62	217.74	248.84
Finland (21)	116.27	+1.0	91.21	100.07	93.15	97.13	+2.3	3.09	115.12	89.73	98.49	91.75	95.11	182.29	90.61	145.32
France (113)	152.26	+0.7	119.44	131.03	121.98	125.33	+1.1	3.29	151.26	117.90	129.40	120.54	123.91	169.65	121.65	148.34
Germany (89)	122.04	+1.7	95.73	105.04	97.77	97.77	+2.2	2.35	119.99	93.53	102.65	95.63	95.63	144.63	101.38	126.86
Hong Kong (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland (16)	173.74	+1.3	136.29	149.53	139.20	141.39	+2.0	3.22	171.50	133.68	146.73	136.68	138.64	186.57	132.68	182.02
Italy (91)	86.09	+2.8	67.48	74.03	68.92	73.95	+3.4	3.42	83.80	65.22	71.59	66.69	71.59	109.29	72.05	94.17
Japan (453)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia (34)	242.87	+2.8	190.38	208.84	194.41	254.54	+2.6	2.96	236.05	184.02	201.96	188.15	247.99	250.89	182.96	235.86
Mexico (12)	631.62	+3.2	495.52	543.75	506.19	2054.78	+3.2	0.33	612.32	477.30	523.88	488.02	1991.36	631.62	324.53	391.79
Netherland (40)	145.73	+1.6	114.32	125.42	116.76	115.50	+2.1	4.72	143.47	111.83	122.75	114.35	113.12	149.03	125.70	133.80
New Zealand (19)	47.53	+1.0	37.28	40.91	38.08	42.53	+1.8	7.89	47.05	36.67	40.25	37.50	41.78	75.36	41.18	65.50
Norway (23)	223.24	+1.9	175.12	192.13	178.86	182.94	+2.5	1.59	219.02	170.72	187.39	174.56	178.29	276.79	182.24	243.54
Singapore (25)	204.15	+1.4	160.14	175.70	163.56	154.17	+2.2	2.21	201.28	156.90	172.21	160.42	150.70	209.24	147.24	194.02
South Africa (60)	205.82	+0.5	161.45	177.13	164.89	143.28	+1.3	3.84	204.84	159.67	175.25	163.26	141.48	251.30	151.50	196.93
Spain (41)	168.23	+0.9	131.97	144.79	134.78	122.54	+1.6	4.63	166.70	129.94	142.63	132.86	120.60	198.47	122.34	147.28
Sweden (27)	202.33	+2.5	158.71	174.13	162.10	171.55	+3.1	2.40	197.49	153.94	168.97	157.40	165.42	234.93	146.80	176.40
Switzerland (65)	99.32	+1.2	77.63	85.18	79.30	82.49	+2.0	2.04	97.76	76.20	83.64	77.92	80.91	109.77	82.17	93.81
United Kingdom (226)	187.16	+1.1	146.81	161.06	149.95	146.81	+1.1	4.79	185.15	144.31	158.42	147.57	144.31	187.16	139.62	161.92
USA (526)	152.31	-0.2	119.48	131.09	122.03	152.31	-0.2	3.22	152.63	118.97	130.59	121.65	152.63	152.63	119.06	138.57
Europe (939)	151.52	+1.3	118.86	130.40	121.39	120.61	+1.9	3.89	149.62	116.63	128.01	119.26	118.39	157.65	124.91	136.46
Nordic (110)	196.98	+1.6	155.06	171.25	159.42	159.20	+2.3	2.00	195.89	152.69	167.60	156.12	154.65	223.29	155.55	188.29
Pacific Basin (550)	140.08	+1.1	109.96	120.64	112.31	121.27	+1.7	1.04	138.61	108.04	118.59	110.47	119.22	162.71	107.82	157.36
Euro-Pacific (1589)	145.18	+1.2	113.86	124.94	116.31	121.89	+1.8	1.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
North America (642)	151.81	-0.2	119.08	130.65	121.62	150.04	-0.2	3.28	151.83	118.35	129.92	121.03	150.31	151.83	119.03	138.62
Europe Ex. UK (643)	129.80	+1.4	101.82	111.73	104.01	105.27	+2.0	3.20	128.01	99.78	109.52	102.05	103.18	144.83	[illegible]	[illegible]
Pacific Ex. Japan (197)	134.26	+1.9	105.32	115.57	107.58	120.19	+2.3	5.04	131.77	102.72	112.76	105.04	117.51	148.72	111.40	131.00
World Ex. US (1777)	145.91	+1.1	114.45	125.58	116.90	122.48	+1.7	2.11	144.26	112.45	123.44	114.98	120.39	173.77	117.12	149.65
World Ex. UK (2077)	143.02	+0.6	112.19	123.10	114.60	130.23	+0.9	2.39	142.17	110.82	121.64	113.32	129.01	162.00	115.37	143.44
World Ex. So. Af. (2243)	146.58	+0.7	114.99	126.17	117.45	131.79	+1.0	2.62	145.62	113.51	124.60	116.07	130.58	161.91	118.04	143.52
World Ex. Japan (1850)	151.69	+0.5	118.99	130.56	121.54	137.58	+0.7	3.56	150.98	117.69	129.19	120.35	136.57	151.89	123.41	137.20
The World Index (2303)	146.94	+0.7	115.27	126.47	117.73	131.87	+1.0	2.63	145.96	113.79	124.90	116.36	130.52	162.05	118.33	143.88

Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: Tests of skill at what is done now are no gauge of ability to do what will be needed

An egregious miscarriage of justice

SOMEWHERE in Britain is a top manager who once voiced one of the most salient points about recruitment that the Jobs column has ever heard. His remark, made from the floor at a seminar some five years ago, was:

"The question I ask myself when I'm considering candidates for key positions is not: 'Could this person do this job?' It's: '*What* could this person do *with* this job?'"

The importance of his comment grows greater daily, because the distinction he made has a crucial bearing on selection methods. It suggests that the methods more and more employers are using in the name of progress, are inappropriate for an increasing number of the jobs that need to be done in their organisations.

True, to judge from the public pronouncements of company chiefs, they mostly recognise that now conditions are changing fast, what organisations do must change with them. But the fact that the same often applies to individual job-holders, tends to be forgotten.

When promoting as well as recruiting, most employers still seem to work on the belief defined by the American novelist Herman Wouk – that organisations are machines designed by geniuses to be run by idiots. The assumption is that only the handful of geniuses at the top are fit to specify what shall be done by the idiot majority. Accordingly, the bulk of jobs are looked on as static, so that the decisive question to be asked when filling them is whether candidates could do the things enshrined in the job-specification.

That assumption has given rise to an expanding supply of selection measures, the best of them devised by highly trained psychologists on the basis of thorough research.

For instance, since the object is to distinguish between potentially good and bad performers at the work in question, trials are made to ensure that differences identified by the measures consistently mark off staff judged to do well from those deemed substandard. Indeed, professional bodies in the field advise against using such yardsticks to select for any job unless studies have shown they definitely reflect actual success in it, not just generally, but in the particular operation where the recruit will be working.

Provided the measures are set up properly, the evidence is that they can result in more accurate selection than is usually achieved by cruder methods such as interviewing. Moreover, far from being content with one sophisticated yardstick, big companies often use several in combination. An example is the "assessment centre" process in which, besides taking reasoning and personality tests, candidates tackle in-tray exercises and the like watched by trained observers from the company.

Nevertheless, as the assessment is centred on competence in jobs as they are already, such processes have an inherent flaw. It is neatly depicted in a comment once made by Professor Hans Eysenck. After marvelling at the British civil service's ability to ensure that its top posts are perennially filled by the same sort of people, he added: "But whether they are the right type of people for the work, is an entirely different question."

In sum, a measure of whether or not people can do existing jobs says little or nothing about *what* they could do *with* them. And although static jobs defined from above are still in the majority, their share of the total employment market looks to be diminishing rapidly.

Nor is the effect confined to shop- and office-floors. As work of the just-follow-instructions kind drains away, so does the need for management consisting essentially of telling idiots what to do.

Even so, although that surely suggests a dwindling requirement for measures of can-do-as-is, employers increasingly adopt them. Worse, the fact that established psychologists deem the measures professionally respectable, is leading certain enthusiasts to put them to inappropriate use. The can-do-as-is yardsticks are being held up as a superior standard for judging all kinds of selection devices, including those purporting to assess what-could-do-with.

Take for instance a study, widely reported in the United Kingdom media two months ago, by psychologists John Cox of British Telecom and Jane Tapsell of the Austin Knight consultancy.

They made a painstaking and rigorous comparison of differently based judgments of 50 candidates for first-line management posts, presumably in Mr Cox's company. Their prime conclusion was that handwriting-analysis by trained graphologists – which although little used by UK employers, is popular in France and elsewhere on the Continent and becoming so in America – is insufficiently reliable for assessing people's working capabilities.

The clear implication of that finding is that recruiters should shun handwriting-analysis forthwith. But the conclusion rests entirely on the fact that graphologists' judgments of the 50 candidates' talents did not agree with estimates of same made by company staff on the basis of results in assessment-centre tests.

While those tests may be good gauges of can-do-as-is in first-line management in British Telecom, they don't necessarily reflect ability to do well even in similar work elsewhere. Still less are they a reliable gauge of what-could-do-with. So the implied condemnation of handwriting analysis is an egregious miscarriage of justice.

Now, in saying that, I am not indicating any personal approval of graphology as a predictor of what-could-do-with or any other sort of ability. I hold no brief for it whatsoever. But I do not simply dismiss it either.

After all, it has several psychologically respectable parallels. Like the famous Rorschach ink-blots, for example, it belongs to the category of so-called projective tests assumed to elicit evidence about people's inner states – evidence that can be understood only by arcane specialists. If it is possible to form judgments of folk from their reflections on the meaning of ink-blots, there seems no reason in theory why the same should not apply to their handwriting.

In practice, however, all I can see is that the case for graphology as a gauge of working abilities remains non-proven either way. Hence, employers who have found it works well for them are fully justified in continuing to use it.

True, it is prone to charlatanry. But that does not affect its rightful claim. For the same applies to a fair number of more conventional-seeming selection tests on the open market. And unlike most of them, it at least offers a rule of thumb for detecting the worst con-trickery.

Any supposed graphologist's report on your make-up should be shown to close friends who should be asked, not if the assessment is true of you, but whether it is true of *them*. If so, ignore it.

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ACCOUNTANCY COLUMN

Unfair to shoot scorer when team loses

By Geoffrey Holmes and Alan Sugden

WHEN a company gets into serious difficulties, it has become popular for shareholders to blame the auditors. But is that justified?

If you look at the last published accounts of Listed, USM and Third Market companies that went bust in 1989 and 1990, they fall into roughly four categories.

First, there are those whose last balance sheet and profit-and-loss account showed pretty clearly that the company was heading for the rocks. Take for example Sock Shop, the hosiery retailer. One City column commented when the accounts to February 1989 were published: "Sock Shop investors have had a sinking feeling for some time; now we know why."

In cases like that, surely it's hardly fair to shoot the auditors. Doing so would be rather like shooting the scorer when your cricket team has lost a match.

Second, there are companies where you have to dig into the notes to find the full extent of the risks the company is taking. In Coloroll's 1989 accounts, for example, a note on contingent liabilities showed one sale with recourse and three guarantees of borrowings outside the group, totalling more than £40m.

At FKB, the 1989 group balance sheet showed shareholders' funds of only £4.7m after the deduction of a £40.1m deficit accumulated in the goodwill reserve as the result of acquisitions, while a note on financial commitments showed additional future payments on earn-outs amounting to a maximum of £58.8m.

In both cases we would also find the auditors "not guilty" of failing to do their job properly because, for the purpose of assessing what is "a true and fair view", accounts have to be taken as a whole, i.e. including all the notes.

As the notes to accounts tend to get longer, the evaluation of a set of accounts becomes increasingly difficult for the professional analyst, let alone for the private shareholder. A good case could be made for requiring the audit report to draw shareholders' attention to any material item not shown on the face of the profit-and-loss account or balance sheet.

Those would include contingent liabilities, earn-outs, post-balance-sheet events and changes in accounting policies, as well as notes giving further details of profit-and-loss account and balance-sheet items. The present practice of allowing salient points to be buried deep in the notes brings the accountancy profession into disrepute.

The third category is where a company is exploiting current accounting rules to enhance reported profits, and the auditor has given a clean report. In such cases the auditors may plead that the notes to the accounts did actually show what the company has done.

In the case of the third-market company, Leading Leisure, which last November went into receivership with debts of more than £40m, the 1989 accounts showed operating profit up from £7.3m to almost £12m, with pre-tax profits up by more than 30 per cent, but a note on the operating profit showed that trading profit on the sale of properties to joint ventures amounted to £10m.

Our view is that, to give a true and fair view, that £10m should have been an exceptional item disclosed separately on the face of the profit-and-loss account. We have a good deal of sympathy for any Leading Leisure shareholders who may have felt that the 1989 accounts were misleading.

But let us be realistic. Have you ever known a company's shareholders to sack the auditors against the wishes of the directors? We have not. The idea that the auditors of a company are there to look after the interests of the shareholders is, we fear, a myth.

All that shareholders can realistically expect is for the auditors to ensure that the accounts comply with the Companies Acts and with accounting standards, interpreted to the company's best advantage.

The fourth category is where the accounts provide no warning, or at least none that we can detect. The classic example of that was the demise of the UK open-cast coal mining company, Burnett & Hallamshire, several years ago. That was largely due to an orgy of property development in California, financed off-balance-sheet.

The 1989 Companies Act, by changing the criteria for consolidation from legal ownership to effective control, should put a severe damper on that sort of activity in the future.

A more recent disaster that may fall into this fourth category is Parkfield, the foundry-to-video-distribution group that went into administration last year, although we have not got to the bottom of that one yet.

It will be interesting to see what the administrators find out: things can go horribly wrong between audits, as Mr Richard Stone of Coopers & Lybrand, one of Polly Peck's administrators, subsequently discovered. As the Financial Times reported last December: "During the three summer months, the group's cash balances in northern Cyprus were run down by £160m. Most, if not all, of this was used to fund leisure developments . . . [In October] it went into administration – after Mr Nadir failed to come up with the £70m in cash which bankers had demanded to keep the group afloat."

The point here is that a company's accounts are audited only at the end of each accounting period, so, although it may be good auditing practice for the auditors to keep a general eye on the company during the year, there is no obligation for them to do so.

To return to our third category, we believe that the real blame for the present situation lies not with the auditors, who are simply reacting to market forces, but with our present accounting standards. Companies are currently allowed so much latitude that the reported profits of a growing number are seriously misleading and, in some cases, a complete joke.

We have a certain amount of sympathy with the now disbanded Accounting Standards Committee (ASC) because its credibility was severely dented by government interference with inflation accounting, which forced the ASC to adopt the now totally discredited system of current cost accounting.

It also had the difficulty of trying to serve six masters – the six accountancy bodies in England, Scotland and Ireland – and found itself drowning in a sea of compromise. As it went down, though, it did try to help salvage the situation by issuing a clutch of exposure drafts aimed at curing some of the worst anomalies and closing some of the largest loopholes in current accounting standards.

What is being done to protect shareholders in the future?

We now have the Accounting Standards Board, which, backed by the Financial Reporting Council, has infinitely more power than the ASC, in particular the authority to issue accounting standards in its own right.

But, even with this much improved mechanism for developing and enforcing accounting standards, some people still think that self-regulation will fail.

We believe that, before more draconian measures are considered, the Accounting Standards Board should be given a fair chance. It will, however, need the full support of the accounting profession. If such support is not forthcoming, the profession will deserve whatever regulatory millstone the government chooses to hang round its neck.

Geoffrey Holmes and Alan Sugden are the authors of Interpreting Company Reports and Accounts, 4th edition. Woodhead-Faulkner, h/b £39.95 p/b £17.95

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■ *The successful candidate will have a wide ranging brief encompassing the production of timely management information and financial reporting for a diverse range of UK operations including the provision of financial advice/supervision to a specialist company.*

■ *The role demands not only sound technical expertise across a broad financial spectrum but also outstanding administrative and general management skills in representing the UK group operations.*

■ *Candidates, either ACA or CACA qualified in the 32-40 age group, should be able to demonstrate a genuine shirtsleeves, pro-active approach, be self-motivated, flexible and perceptive and have had first hand experience of working within a small/medium sized organisation.*

■ ***Candidates should write in confidence enclosing a comprehensive curriculum vitae with salary details and quoting reference JC288 to Jeff Cottrell, Ernst & Young Corporate Resources, 21 Conduit Street, London W1R 9TB.***

ERNST & YOUNG

LIVERPOOL — c £30,000 PACKAGE + CAR

Financial Controller
Merseyside TEC

Merseyside TEC is a new limited company established to promote a closer partnership between Industry and the broader community in a conurbation of some 900,000 people. Its mission is to stimulate economic regeneration by developing a higher quality vocational education, training and enterprise culture. With projected annual funding in excess of £50 million, it is one of the largest TECs in the country.

Reporting to the Chief Executive, you will be a member of the senior management team of the company, responsible for a staff of 30 in its accounting and data processing functions. Your initial task will be to develop and implement appropriate systems and procedures to provide the management information needed to run the business. Subsequently you will be expected to make a significant contribution to the commercial direction of the company.

You are likely to be a graduate accountant, with experience of managing a finance function and implementing computerised management systems. You will be used to a wide ranging involvement in many aspects of business management.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Peter Jones, Coopers & Lybrand Deloitte Executive Resourcing Ltd, Richmond House, 1 Rumford Place, Liverpool L3 9QS, quoting reference P203 on both envelope and letter.

Coopers & Lybrand Deloitte — Executive Resourcing

Financial Director

£35k + Bonus + Benefits — Cheshire

A leading privately owned company in the food industry, with a turnover of £25m and employing 270, are now seeking to recruit an innovative, business-orientated **Financial Director** to join the Management Team of this *forward looking, growing company.*

The ability to work within an executive team, combined with extensive man-management experience, will be essential, as will an awareness of IT in a strategic capacity.

Our client company are looking for a qualified accountant, probably aged 30-40, with 10 years experience in a FMCG environment, who is employed in a similar or designate position. In return a generous executive package is offered, including good basic salary, results related bonus and all associated benefits.

If you are looking for an appointment which will give you the opportunity to have a real *input into the future of a successful company* then our client would welcome the opportunity of talking to you.

Please write with full career details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Meryl Davidson, *Ref MD/FT/100, MSL Advertising,* Sovereign House, 12-18 Queen Street, Manchester M2 5HS.

MSL Advertising

FINANCIAL CONTROLLER
Service Company, High Profile
The South £35,000 + Bonus + Car

■ This company is without doubt a leader in its given field. In addition to this it has the advantage of not only being part of a formidable European structure, but also has the influence of a worldwide corporate body.

The UK company has a definite and considered strategy which has enabled the management team to build a solid platform for growth.

They have identified the need for a qualified ACA, or ACCA, probably aged between 30 to 40 years. This individual will have responsibility for the company's financial accounting area. Key responsibilities will be monthly, quarterly, and annual reporting plus statutory requirements. An excellent and practical grasp of the MIS interface between the finance department and its systems counterpart will be critical.

The person most likely to succeed will be flexible, energetic, logical, with well defined people management skills and be committed in word and deed to the success of the company. A background in a service related industry which holds the principle of customer care as paramount and operates through a multi branch or site configuration will be an important qualification.

■ In the first instance, please send a comprehensive CV, quoting Ref N602, to Nevis International, Altay House, 869 High Road, London N12 8QA or telephone 081-445 0494 for an application form. Fax 081-445 5151.

NEVIS INTERNATIONAL

LONDON 081-445 0494 — NEW YORK 212 5414068 — FRANKFURT 069 725300

Divisional Financial Director – Worldwide

GERMANY

c. £110,000 Package Plus Car Plus Benefits Plus Bonus

A major international industrial PLC with sales in excess of £2.5 billion and over 60,000 employees worldwide is a leading supplier to the automotive industry.

This division is highly successful in developing, producing and selling complex high quality automotive systems. With a turnover of £400 million, they currently seek a Financial Director to be located at the division's worldwide headquarters in Germany.

Reporting directly to the Managing Director of the division and functionally to a Group Financial Director in the UK you will be responsible for:

- Corporate Control and Reporting
- Strategic Planning and Business Analysis
- Acquisitions and Appraisals
- Treasury and EDP

As a member of the Senior Financial Team you will liaise with business centres within the group worldwide.

You will have strong academic qualifications and be a qualified accountant or equivalent. With considerable experience of a manufacturing environment, you will know how to lead and motivate management. Internationally orientated, you will have experience of a senior role within a multinational environment, controlling more than one business together with those funcions listed above.

Capable of handling a growing management remit, you will be fluent in English and German.

This is a high profile appointment. Besides an excellent salary and bonus, other benefits are available. Future prospects are outstanding.

Interested candidates should write in confidence to: Nicholson International (recruitment consultants), Imperial Buildings, 48-56 Kingsway, London WC2B 6DX quoting reference 9179, or fax details on 071 404 8128 or call Fiona Davidson directly on 071-404 5501 for an initial discussion.

NICHOLSON INTERNATIONAL

RICHARD JAMES ASSOCIATES

A pro-active consultancy for commercial accountants seeking appointments in London and the Thames Valley

10 GREYCOAT PLACE, LONDON SW1P 1SB
TEL: 071-222 8866/ 071-222 8037/8.
FAX: 071-222 5429

FINANCE MANAGER
(DIRECTOR DESIGNATE)
Consumer/Industrial Electronics

South East England — **c £32,000 + car**

Our client is a subsidiary of a Japanese manufacturer of computer related electronics and is responsible for UK marketing, sales and distribution. This is a new position made necessary by a remarkable rate of growth over recent years and the need to plan for new and improved products which will ensure continued business development.

The Finance Manager will report to the Managing Director and will direct and control all financial and management accounting, budgets, budgetary control, cash and credit control, financial planning and reporting and presentations to the Japanese headquarters. The Finance Department manages inventory control, purchasing and distributor financial management so a practical experience of electronic/electrical distribution or a very closely related field is a requirement for this job. Candidates are expected to be able to run the financial management of a profit centre with an annual turnover in excess of £20m, have some treasury operations ability and finally, be qualified accountants in the preferred age range of 32 to 38.

Career prospects are good – the job will grow with the company – and performance will lead to promotion sooner rather than later. Please forward a full curriculum vitae quoting reference number 194 to Terry Fuller, Director.

Kidsons Impey Search & Selection Ltd, 29 Pall Mall, London SW1Y 5LP

KIDSONS · IMPEY

Lotus

FINANCIAL PLANNING & ANALYSIS MGR

International Career Opportunity

To £35,000 + FE Car

Staines

Lotus Development Corporation, the world's largest applications software supplier, is offering a unique opportunity in its International Headquarters Finance team. A senior financial executive will be required to take on the key role of International Financial Planning and Analysis Manager.

The successful candidate will be expected to prepare and significantly enhance the quality of management information for the company's worldwide operations. Extensive liaison will be required with controllers and senior managers in over twenty entities across the globe focusing on forecasting and planning. You will also be expected to implement new financial systems to meet current and future needs against a background of emerging technology and organisational change.

As a key member of a powerful management team, you will need to display a high degree of flexibility, astuteness and commercial vision. Candidates will be qualified Accountants or MBAs, aged late 20's to early 30's with the ability to lead and motivate others. Excellent verbal and written communication skills and a common sense approach is essential.

Please apply directly to Marc Eschauzier at Robert Half, Freepost, Princess Beatrice House, Victoria Street, Windsor, Berks SL4 1YY. Telephone: 0753 857777 or evenings on 071-350 1738. Alternatively, fax your details on 0753-841676.

ROBERT HALF

WINDSOR

Financial Recruitment Specialists
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MANAGEMENT ACCOUNTANT

Manchester

For Dynamic Company
- World leader in Computer Image Generation.
-Hands on role Management and Final Accounts Sales / Purchase ledgers
Computer literate.
Non Smoker.
Renumeration negotiable according to ability.

CV please to
Bryan Wilcock
Fax 061 228 6622
Graphic Palette
15 Newton Street
Manchester M1 1HE

Assistant Treasurer

Home Counties

c£37,500 + Car

Our client is a major UK public Group with substantial overseas operations. It has expanded considerably over the last decade on a world wide basis achieving continued profitable growth.

The position reports to and will deputise for the Group Treasurer. Key responsibilities will include international cash management, bank relationships, negotiation of funding facilities and the review of new financial instruments and techniques.

Candidates should be of graduate calibre, aged 30-40, with good communication skills, business acumen, creative and strategic thinking ability.

The successful candidate will need a minimum of three years' relevant treasury management experience within an international group together with exposure to computer related systems.

The attractive remuneration package includes non contributory pension scheme, fully expensed car and relocation assistance where appropriate.

Please telephone or write enclosing full curriculum vitae quoting ref: 558 to:

Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE.
Tel: 071-839 4572
Fax: 071-925 2336

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

The Royal Bank of Scotland

Price Waterhouse

EXECUTIVE SELECTION

Financial Controller

Corporate & Institutional Banking Division

c £35,000+Car+Benefits City

Recent reorganisation of the Royal Bank of Scotland's operational activities has led to the formation of the Corporate and Institutional Banking Division, providing commercial banking services to large corporate and institutional customers throughout the UK and internationally.

The appointment of a high quality Financial Controller to work as part of a small central team is seen as key to the strategic plans of this new Division. This will call for a qualified accountant with sound accounting and analytical skills and experience of presenting to senior management.

Reporting to the Finance Director of the Division, your principal responsibilities will include:

- Introducing and developing management accounting and information systems.
- Review and interpretation of consolidated Divisional results.
- Succinct presentations to Divisional management highlighting key issues for attention.
- Involvement in issues relating to the allocation and protection of capital in relation to risk.

In addition to the qualifications and experience outlined above, your practical experience of capital maintenance and allocation issues is essential, as is your grasp of risk adjusted return theories.

Computer literacy and PC skills are vital, and a background in banking or financial services is highly desirable.

You will be rewarded with an excellent compensation package comprising negotiable salary, car, non-contributory pension and low cost mortgage facilities.

The Royal Bank of Scotland is committed to equal opportunities.

Applications, which will be discussed with our client, should be sent to Christopher Hetherington, quoting reference C/1139 at:
Executive Selection Division
Price Waterhouse
Management Consultants
Milton Gate
1 Moor Lane
London EC2Y 9PB

ACCA

The Chartered Association of Certified Accountants

Practice Regulation

London based

Two National Roles

The Association established its Practice Monitoring Unit following the 1986 Financial Services Act to regulate some 1,150 of its practising members who conduct investment business. The Association is seeking to act as a Supervisory Body under the 1989 Companies Act, regulating the audit standards of at least 2,500 practising members. As a result of this expanded brief, the unit now seeks to appoint two additional compliance officers.

These challenging roles will involve setting up new systems, monitoring and providing guidance to practising members. While these positions are based in London, travel throughout the UK is an integral part of these roles. Some work could be carried out from home.

Ideally, candidates will be qualified accountants. With recent professional experience, good organisational ability and the self motivation to work frequently alone, the successful applicant will need to work with the minimum of supervision. Candidates must have the maturity and self confidence to deal with individuals at all levels.

Age will not be a barrier but it is unlikely that candidates younger than 30 will have gained the necessary experience. These roles offer great variety within a committed enthusiastic team.

Please contact our adviser Paul Wilson by sending a comprehensive curriculum vitae to him at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

Price Waterhouse

EXECUTIVE SELECTION

Financial Director

c.£40,000 + bonus + car East Midlands

This UK subsidiary of a major international engineering group supplies specialised high value equipment to the mining and civil engineering industries. Already a highly respected market leader, with a turnover of around £40 million, the company is now entering new markets in the UK and overseas.

In support of these plans, the company is seeking a commercially aware Finance Director who will be responsible to the Managing Director for financial control, commercial management and data processing. The prime role will be to provide a comprehensive financial service to a company undergoing substantial change. In addition as a member of the senior management team the new FD will have the opportunity to participate fully in the further development of the company.

Applicants must be qualified accountants with an excellent track record including experience of manufacturing industry and systems implementation. They should have the maturity to work at senior level, good leadership and communications skills and sound business awareness.

This is an exciting career opportunity with an internationally renowned group. The package includes a competitive salary, negotiable for the right person, substantial bonus opportunity and relocation assistance. Please write with career details, age and current salary quoting reference MCS/2068 to
Geoff Firmin,
Executive Selection Division
Price Waterhouse
Management Consultants
Victoria House, 76 Milton Street
Nottingham NG1 3QY

European Headquarters of a large American multinational company is looking for an

International Tax Advisor

Location: Paris

Salary: c. F.F. 600,000

Tasks and responsibilities:

Based at our regional headquarters for Europe, Africa and the Middle East, the successful candidate will advise on all international tax implications of our business in the region, including tax planning, intercompany operations and merger and acquisitions.

Profile:

This senior position will suit high potential candidates ideally 31-35 years old, with extensive experience (6-9 years) in an international company or a major tax firm, including some exposure to US taxation.

Excellent communication skills and the ability to interact with the highest level of management are also necessary for this position. Knowledge of French is not required.

For more information concerning this opportunity, please telephone or send your curriculum vitae including current salary to Antoine Goldschmidt quoting reference number AG5527 FT to
Michael Page International Tax & Legal,
10 rue Jean Goujon,
75008 Paris, France,
telephone 010-33 1 42893003.

MP

Michael Page International
International Recruitment Consultants
London Amsterdam Eindhoven Brussels Antwerp Paris Lyon Sydney Melbourne

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Finance Director Designate

c.£30,000 + Car + Benefits ***North West England***

- *Our client, a group of companies involved in construction related maintenance and contracting activities with a turnover of c.£18M, is seeking to recruit a commercially minded Finance Director Designate.*
- *Reporting to the Board, the successful candidate will have "hands-on" responsibility for ensuring the smooth running of the finance function, reviewing and developing appropriate support systems, and making a significant contribution to strategic planning.*
- *Candidates should be qualified accountants aged 30-40 with maturity and the capacity to blend creativity and business flair with a practical team-working management style.*
- *Experience of accounting within the construction industry is essential.*
- ***Please send career and personal details quoting reference F/184/B to Paul Bailey, Ernst & Young Corporate Resources, Lowry House, 17 Marble Street, Manchester M2 3AW.***

ERNST & YOUNG

A SENIOR ROLE IN PROJECT ACCOUNTING

North Sea Oil Company ***circa £38,000 + Car***

Our client is a North Sea operating company involved in a significant range of upstream projects. An excellent opportunity now exists for a young accountant, ready for the next stage in his/her career development, to manage, coordinate and control all accounting aspects of operated and joint venture projects.

As the appointed candidate you will be based in Central London, responsible for a team of some ten staff. Your role will be to formulate and negotiate the necessary financial agreements, procedures and reporting structures, ensuring that the joint venture financial role of the project accounting department is effectively conducted.

This is an excellent career move for a high-calibre accountant with at least four years recent experience in a joint venture project environment, confident of his/her ability to manage his/her own department. To be successful in this high-profile position, you will have an energetic, pro-active approach, together with the inter-personal skills necessary to establish and maintain effective relationships with internal and external parties. The ability to work under pressure, meet report deadlines and to manage and motivate people is essential.

You should be a qualified accountant, ideally in your late twenties to mid-thirties with current oil company experience. In return for your skills and experience, a first-class salary will be offered, enhanced by a range of benefits, including a car. Career prospects within our client's organisation are excellent.

To discuss this opportunity contact David Jones during office hours on Windsor (0753) 857181, or, in the evenings and weekends, on Reading (0734) 482370.

Alternatively, write to him, The Managing Partner, Digby Jay Jones, Mountbatten House, Fairacres, Windsor, Berkshire, SL4 4LE. Fax: 0753 860696.

DIGBY JAY JONES

·OIL&GAS·SEARCH·SELECTION·

Financial Controller

S. Midlands

c£33,000 + Car

Our client, a significant division of a highly respected plc., is an exciting, fast moving and dramatically expanding communications group of companies. It has achieved a reputation for excellence within its sector and has adopted a style which is both entrepreneurial and decentralised, thereby allowing each operating division real autonomy and control.

Due to continual developments, an opportunity has now arisen for the appointment of a Financial Controller to head a newly formed central accounting function providing financial and management information for this c£25m t/o division. As such the role will be technically strong with a sound commercial approach in providing this information and in further developing the financial team's efficiency.

Candidates will be qualified accountants, age indicator 28-34, who can bring a 'hands-on' and enthusiastic approach to this young, lively and highly competitive environment. A strong communicative ability is vital as is the desire to progress with this successful group.

Please telephone or write enclosing full curriculum vitae quoting ref: 559 to:

Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE.
Tel: 071-839 4572
Fax: 071-925 2336

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

Appointments Advertising

appears every Wednesday & Thursday & Friday (international edition only)

For further information please call

Jennifer Hudson
071 873 3607

Richard Jones
071 873 3460

Teresa Keane
071 873 3199

SENIOR MANAGEMENT ACCOUNTANT WITH OBVIOUS MANAGEMENT SKILLS

For a diverse and demanding organisation

c.£36,000 + car — **Central London**

The average Management Accountant job ad concentrates on qualification, professional skills, analytical strength, total competence in the production of management information and a mastery of the necessary systems; unusually and crucially, from this advertisement we must also indentify leadership skills of the highest calibre. It's rare to find candidates who meet the earlier criteria (and we only want to hear from people who do!) who also demonstrate management talent – so we don't expect an enormous response. The organisation, well known, diverse and growing, accepts that its management accountancy system has not kept pace with the rate and nature of corporate change; there is much to be done. The task is to introduce a new system (based on new hardware), which will produce reliable, comprehensible and, above all, concise information, through which the business can be controlled. However, there's a small professional department to be run, and a management peer group that will expect the highest standards, so we're looking for both authoritative and influential inter-personal skills. Ideal candidates, probably graduate, will identify with the peer group need as closely as they do with professional excellence. They will communicate well in more than just figures – it is an organisation which values literacy – and they'll have the professional integrity to earn respect. If we identify all these strengths, we will also have satisfied our final need – the clear potential for further development. Please send full career details, quoting reference WE 1023, to Dave Denny, Ward Executive Limited, Academy House, 26-28 Sackville Street, London W1X 2QL. Tel: 071-439 4581.

WARD EXECUTIVE
LIMITED
Executive Search & Selection

The Royal Bank of Scotland

Price Waterhouse
EXECUTIVE SELECTION

Financial Controller

Corporate Banking

c £35,000+Car+Benefits City

Recent reorganisation of the Royal Bank of Scotland's operational activities has led to the requirement for a Financial Controller to work closely with the Director of the new Corporate Banking business unit.

This challenging role will involve bringing together financial and operating information from various sources throughout the bank and analysing customer and product profitability.

There is a necessity for the development of new management accounting systems to record and identify costs, revenues and profit, including the development of cost centre structures and budgets.

Joining a new area within the Bank from its inception, your role will be high profile and will offer you an excellent chance of gaining an understanding of corporate banking products.

A qualified Accountant (CA, CCA or CIMA), you may be seeking a career move from within the financial services industry, or other multi-product environments or possibly from the accounting profession. You will have excellent management accounting and PC skills. Experience of profitability analysis by customer and by product will also be advantageous.

In addition to a negotiable salary, the compensation package will include car, non-contributory pension and low cost mortgage facilities.

The Royal Bank of Scotland is committed to equal opportunities.

Applications, which will be discussed with our client, should be sent to Christopher Hetherington, quoting reference C/1142 at:
Executive Selection Division
Price Waterhouse
Management Consultants
Milton Gate
1 Moor Lane
London EC2Y 9PB

DIRECTOR OF FINANCE AND RESOURCES

Commercial flair to boost Sussex business

Mid Sussex — **£30,000 to £35,000 + bonus, car & benefits**

The aims of the Sussex Training and Enterprise Council (TEC) are crystal clear. To help business throughout the county by promoting and supporting enterprise, and by planning and delivering training. With a budget of £24m and some 60 full-time staff, the Sussex TEC is set to have a considerable influence within the county.

Reporting to the Chief Executive and heading up a 17-strong department, your prime responsibility will be to provide relevant management information – instrumental in developing business and training initiatives.

Senior management will also look to you for strategic data and budgetary planning, and expect you to ensure that all legal and statutory requirements are met.

To fit in with a young and dynamic management team, you'll need no small measure of authority, energy and initiative. An analytical problem-solver, with the presentation skills to do justice to your ideas, you must have a recognised accounting qualification, previous line management experience and a track record of providing financial advice. Company Secretarial experience would be an advantage.

If you are interested in a challenge that offers greater scope, we would like to hear from you. As well as a salary of £30,000 to £35,000, an on-target bonus of up to 15% is achievable.

Please write in confidence, enclosing your CV with present remuneration details, and day and home telephone numbers to James Forte, quoting ref S2806/F.

KPMG Selection & Search
70 Fleet Street, London EC4Y 1EU

INTERNAL AUDIT MANAGER

CENTRAL LONDON
c.£33,000 + CAR + BENEFITS

Mercury Communications is now an established leader in the telecommunications field, having developed the UK's first all-digital public telephone network. To achieve this, Mercury has undergone rapid business growth and this impressive record is set to continue. Consequently, we are now looking to employ an experienced and innovative accountant in the role of Internal Audit Manager.

Reporting to the Controller, Internal Audit, the role will require involvement in a range of audit activities which will cover the breadth of the Company's operations. The responsibility will be to plan and manage audit assignments of a technical and financial nature and represent Internal Audit in the Company's drive towards a Total Quality Culture.

A fully qualified accountant, aged 28 to 32, with experience gained in auditing or operating in large technologically based companies, you should be able to demonstrate excellent communication skills allied to a flexible, innovative and hands on approach.

In return we can offer a substantial salary together with a generous package of major company benefits including 25 days' holiday, company car, free private medical insurance, pension scheme and subsidised restaurant.

To apply, please send career details, quoting Ref: CH/3/1, to Maria Soto, Senior Personnel Officer, Personal Department, Mercury Communications Ltd., New Mercury House, 26 Red Lion Square, London WC1R 4HQ.

Mercury COMMUNICATIONS

POWERED · BY · PEOPLE

SENIOR MANAGER

INTERNATIONAL FINANCIAL PROJECTS

WOODCHESTER INVESTMENTS p.l.c.

Woodchester Investments plc is a leading financial services organisation in which Credit Lyonnais has a 45% shareholding. The Group is quoted on the Irish and London Stock Exchanges and has a market capitalisation of about IR£400 million.

Principal activities are consumer finance, sales aid leasing and related banking business. The Group has an enviable record of growth based on results oriented and innovative strong management.

Reporting to the Group Finance Director, the appointee will assist in the commercial evaluation of potential European acquisitions together with the integration of new subsidiaries to the Group.

Candidates, in their thirties, should be qualified Chartered Accountants with a number of years' post qualification experience in a tightly managed commercial environment or who are currently working at Manager or Director level with one of the "Big 6" Accountancy practices. They should combine a practical knowledge of computerised accounting systems with significant experience of special project work. Above all they should have the commercial awareness, strength of character and communication skills to build relationships and bring about change in a fast moving environment. Although based in Dublin they should be internationally mobile. A second European language is desirable.

This is an excellent opportunity to demonstrate talent and capabilities in an environment which quickly recognises and rewards success. The attractive salary and benefits will fully reflect the importance placed on this appointment.

Candidates should send full personal, career and salary details to Sean Gannon at:

Stokes Kennedy Crowley Management Consultants,
1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland.
Fax: Dublin 708 1122, quoting Reference Number 4247.

KPMG Stokes Kennedy Crowley

ACCOUNTANT

A growing international Property Group has expanded its interests in an established Uk Property Company and now seeks an ambitious, newly qualified accountant to assist the Finance Manager to create a full accounting, treasury and planning function.

Principle responsibilities to include:

- Management reporting
- Treasury
- Financial planning
- Fiscal & legislative compliance
- Supervision and control of the accounting department

Salary c£23,000 plus benefits

Applications with CV to Box H8156,
Financial Times, One Southwark Bridge, London SE1 9HL

ALPS

ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LTD
3 London Wall Buildings, London Wall, London EC2M 5PJ
Tel: 071-588 3576 Telex No. 887374

Excellent career development role with prospects for promotion to a division in the UK or overseas within 18-24 months.

ALPS

GROUP FINANCIAL ANALYST

LONDON W1 — **£28,000–£32,000 + Car**

MAJOR BRITISH MULTI-NATIONAL INDUSTRIAL GROUP – T/O £350m WITH OVER 80% IN OVERSEAS SALES

For this appointment, created by reorganisation within group financial operations, we invite applications from graduate Accountants (ACA or ACMA), age 26-32, with at least two years post-qualification experience, preferably in a commercial or industrial environment. Computer literacy is important. You will report to the Group Financial Controller, and as part of a small Head Office team, you will be responsible for agreeing divisional budgets, reviewing their monthly management and financial reports, analysing and highlighting variances, appraisal of capital expenditure projects and working closely with divisions in providing effective solutions to problem areas. In addition to these key ongoing requirements, you will work on numerous ad hoc projects including acquisitions; an immediate priority will be to set up and maintain a micro-computer based Management Information System for financial reporting to the Main Board. For this high-profile and exacting group role, you will need to blend a practical, analytical approach to creative problem solving with diplomacy and persuasion in a multi-cultural environment. Initial salary negotiable £28,000-£32,000 + car, contributory pension, free life assurance, free PPP and assistance with removal expenses, if necessary. Applications in strict confidence, under reference GFA 205/FT by telephone on 071-588 3114 (daytime) or on 081-673 6783 (evenings/weekends) or in writing to the Managing Director: ALPS

**ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LIMITED, 3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ.
TELEPHONE 071-588 3588 or 071-588 3576. TELEX: 887374. FAX: 071-256 8501.**

PROJECT ACCOUNTANT

MILTON KEYNES

EXCELLENT BENEFITS PACKAGE INCLUDING A FULLY EXPENSED COMPANY CAR

Argos

OUR RETAIL SUCCESS. YOUR FINANCIAL AND BUSINESS FLAIR. AN UNSTOPPABLE COMBINATION.

It has taken Argos less than two decades to become one of the most powerful forces in British retailing. With over 270 retail outlets, and an ambitious expansion programme, Argos is poised for significant developments.

Against this background the role of Project Accountant offers you the scope to display your financial, analytical and business skills. The role involves working closely with senior management, providing financial expertise in the evaluation of their business strategies.

The progressive nature of our organisation offers you considerable scope to introduce and implement new ideas. You therefore need to demonstrate a successful career in finance. You are likely to be over 25, a graduate with relevant professional qualifications.

Please contact Lucy King at L.K. Selection, Executive Search Consultants, 200-208 Tottenham Court Road, London W1P 9LA. Tel: 071 323 0321; 081 204 3789 (evening and weekend). Fax: 071 323 1492

FINANCIAL ACCOUNTANT
N.W. England

Our client, a leading manufacturer in the FMCG market, is looking for a Chartered Accountant to head up their financial department. The incumbent should have a proven track record in a fast moving environment with experience in credit and exchange control, financial management and reports.

This senior post offers excellent career prospects possibly culminating in a seat on the board of directors. Applicants should be aged 40+ and should have experience at a senior level with earning capacity in excess of £30,000.

In addition to an excellent salary, the post offers a company car, private medical insurance and a pension.

Interested applicants should apply with a full C.V. to:

INTEREUROPE RECRUITMENT
13/15 Barrack Road, Guildford, Surrey. GU2 6RU

INTEREUROPE

Financial Opportunities
NORTH WEST

These senior roles have arisen as a result of the restructuring of the group financial function within this highly successful, diverse Plc with a turnover in excess of £500m. Each position provides immediate challenge in that they are complex in content and influential within the overall planning and control activity of the organisation.

Tax & Treasury Accountant
UP TO £35,000 + CAR (Ref 550)

Specifically this role will call for a Chartered Accountant currently in the profession, who has 3 years post qualification experience some of which will be in corporate taxation. Whilst taxation will be an important focus of activities, the successful candidate will be responsible for all treasury functions and will liaise closely with operating companies on cash forecasting.

Group Financial Accountant
UP TO £35,000 + CAR (Ref 551)

Candidates for this position will be Chartered Accountants with a minimum of 3 years experience in industry. The role will focus on monitoring performance against budget on a company, division and group basis, investigating and reporting variances, production of monthly management information and quarterly trend forecasting. The ability to focus management's attention on key issues through the interpretation of data is essential.

Corporate Audit
UP TO £30,000 + CAR (Ref 552)

Reporting to the Group Finance Director this newly created function will concentrate on the implementation and monitoring of internal control systems, reviewing financial proposals for major capital commitments and general reporting on accounting problems. The appointed candidates will have the opportunity to work closely with operating company management teams and assist with other strategic changes such as acquisitions and disposals. Applicants should be Chartered Accountants with good commercial presence which has preferably, but not essentially, been developed through 2 years experience outside of the profession.

Divisional Accountant
UP TO £25,000 + CAR (Ref 553)

This position will report to the Division Controller of this £60m operation. The successful applicant will be responsible for budgeting, forecasting, monitoring and control as well as management and statutory accounts. Additionally there will be involvement with operating units within the Division providing support and assistance on an ongoing basis and involvement in information systems projects. Applicants will be either Management or Chartered Accountants with 3 years industrial experience.

Interested candidates should send a detailed C.V. quoting the appropriate reference number to:
Staniforth-Endsor and Partners, 3 The Courtyard, Ashley Road, Hale, Cheshire WA14 3NG.
Telephone Number: 061 929 1481. Fax: 061 929 8098.

STANIFORTH·ENDSOR & Partners
CONSULTANTS IN ORGANISATIONAL COMPETITIVENESS

Director of Finance and Administration
Plymouth

Basic salary c£28,000

Are you a dedicated professional who:

- Responds to the challenge of radical change?
- *Is proud of finding cost-effective solutions?*
- Promotes efficiency by cutting out paperwork?
- Has the experience to supervise a professional team running finance and computerised information systems?

This is a strategic new appointment and allows you to advance your career in financial management in a dynamic environment that will support you in changing corporate culture. You will be a qualified Accountant fiercely committed to commercial disciplines and eager to develop them in a formerly public sector ethos. You will be working in a manufacturing city rapidly *expanding its high technology* base which already includes, Toshiba, Siebe and GEC-Plessey with the largest microchip factory in Europe. Its population is a quarter of a million. With a direct customer base of 1500 firms, we have just expanded our £10 million budget by taking over two of the largest training companies in the city. Our partner in training, the Chamber of Commerce and Industry, has more than 750 member companies.

The largest College in the South West, we trained 16,000 people last year in state of the art Technology, Construction, Catering, Social Care, Business, Finance and Retail.

Our initiatives in partnership with private sector industry and training have earned us national headlines for revolutionising vocational training. We are leaders in transnational European training programmes.

Reporting to the chief executive, you will advise on financial strategy and management, play a major part in writing the business plans for the College and its companies, and direct and control the Finance and Management Information Division in providing a full range of services to our training consortium. You will assist in corporate management as a member of the senior management team.

We are an equal opportunities employer: and we mean it. The provision of a work-place day-nursery and the holiday entitlement will make this post specially attractive to applicants with family responsibilities.

Benefits include lease car, 31 days paid leave plus statutory holiday and relocation support.

Please write enclosing a CV for further information to: Mrs C. Axford, Personnel Department, College of Further Education, Kings Road, Plymouth PL1 5QG.

Closing date for applications: 28th March 1991.

FINANCE DIRECTOR
Salary package: c £40,000 + car + benefits

Future PUBLISHING

- Formed in 1985
- Now over 190 staff
- 12 national newsstand magazines
- Market leader in computer titles
- Exciting launch plans
- Pleasant offices in the centre of Bath
- Britain's fastest-growing publisher

PUBLISHERS OF:
PC Plus,
MacPublishing
8000 Plus
Amstrad Action
Amiga Format
ST Format
Sega Power
Your Sinclair
Commodore Format
New Computer Express
Classic CD
Needlecraft

Future Publishing Limited has been described as a unique success story. After five years of dramatic growth, the company now sells more computer *magazines than any other publisher in Britain* and has begun a programme of major expansion into other magazine areas, following the successful launch of the award-winning *Classic CD*.

Turnover has, on average, doubled each year and is forecast to exceed £15m this financial year, a performance attributable to Future's unshakeable commitment to product quality.

Finding the right Finance Director is now a key element of the company's expansion plans. You're likely to be a qualified accountant (ACA, ACCA or CIMA) aged 28-38, with an impressive track record, preferably within the newspaper or magazine publishing industry.

If you're a bureaucrat or an empire-builder, you won't like it at Future. If you're adaptable, a good communicator, commercially-astute and looking for a long-term position in a company that's going places, this could be your perfect job.

This position is being handled exclusively by Accountancy Personnel and if you meet the criteria listed, they are waiting to talk to you. Please quote reference D783, when making contact at the address below.

ACCOUNTANCY PERSONNEL, 1ST FLOOR, 38 GAY STREET, BATH, AVON, BA1 2NT 0225 442690

Accountancy Personnel Hays

FINANCIAL ACCOUNTANT
c £32,000 + benefits

Exco is a leading international firm of moneybrokers offering a comprehensive service in most sectors of the money markets.

We are looking for a dynamic, resourceful, and qualified (ACA/ACCA) accountant to head up our accounts team to manage the day to day running of the department and oversee the introduction of new technology and software.

A graduate with 2 years post-qualification experience in managing a team in a busy environment you will report to the Financial Controller and be primarily responsible for all aspects of management and financial reporting for five subsidiary companies.

Experience of PC based accounting systems would be an advantage, whilst knowledge of Lotus spreadsheets is essential.

The position would suit an ambitious, well organised accountant able to communicate effectively across all levels of the organisation, looking for a career in a fast moving, progressive, international company that can offer real career prospects.

Applicants should apply in writing, enclosing a detailed CV and current salary package to the

**Assistant Personnel Manager,
Exco International PLC,
119 Cannon Street, London, EC4N 5AX**

EXCO
Exco International plc

CHIEF ACCOUNTANT
INTERNATIONAL BANKING DIVISION

Zambia National Commercial Bank Limited wishes to recruit a Chief Accountant for its International Banking Division in Lusaka, Zambia.

THE RULE:

- Responsible to the Director of International Banking Division for all accounting/control functions of the Division.
- Manage the foreign currency funds of the bank in a prudent and profitable manner.
- Control the foreign currency accounts of the Bank with various correspondent banks.
- Supervise the reconciliations of nostro accounts of the bank.
- Develop and maintain meaningful management information system for the Division.

THE QUALIFICATION:

- A graduate, ideally 35-40 years old, with an ACIB/ACA/ACCA qualification.
- Have in depth experience in the accounting functions in the international banking department of a commercial bank.
- Have experience in computerised operations.
- Be highly motivated with strong leadership and intellectual qualities
- Be able to demonstrate first class technical and interpersonal skills.
- *Be able to motivate and train other staff.*

Remuneration package for this position include highly competitive salary, inducement allowance, company car and several other perks enjoyed by expatriate staff in Zambia.

All replies in confidence with full C.V., indicating suitability to the position advertised, and copies of academic/professional qualifications should be addressed to:-

**The Managing Director,
Zambia National Commercial Bank Limited,
c/o London Branch,
19/23 Moorgate, London - EC2R 6AR**

To reach us before 31st March, 1991.

(No Agencies)

Divisional Controllers

Ashford & Woking — £32,000 car
Two qual. accts (23-36) required by this major pharmaceutical conglomerate involved with mfrg/distribution. ACA straight from the profession will be considered. Full relocation will be given.

Chief Accountant

Diss, Norfolk — £27,000 car
As a result of internal promotion, this chemical company seeks to appoint a qualified accountant (under 35) to be in charge of a department of 5 staff. Discretionary bonus will be given.

Audit Manager

Basingstoke, Hants — £25-£30,000 car
This large service sector grp. seeks a qualified acct (under 40) to be responsible for the operational auditing of its European subsidiaries. A wide ranging role leading to line management. Newly qualifieds considered.

Financial Controller

Newbury, Berks — £32,000 car/bonus
A large subsidiary of a major European electronics group seeks a qualified acct (under 38). Reporting to the Grp. Financial Director, this is a number one accounting and strategic planning role.

Chief Accountant

Hemel Hempstead, Herts — £25-32,000 car
A key manufacturing division of a hi-tech plc requires a qualified accountant (under 40). Reporting to the Financial Director, you will supervise the department's day to day running. Good prospects.

Management Accountants

Nr. Ipswich & Bagshot — £27,000 car
Ideal for young qualified accountants who emanate from manufacturing environments and offer experience of standard costing. Excellent prospects within this European multinational.

RING US NOW FOR FURTHER DETAILS

Deboo Executive
102 Old Street London EC1V 9AY
Telephone: 071-253 1216 (24hrs) • Fax: 071-253 2750

FINANCIAL DIRECTOR

West Midlands - c £40k, profit share, equity and usual benefits.

Our Client is a successful Company with £20m turnover providing a market leading range of specialist products and contracting services to the construction industry.

The Company is looking for a Financial Executive with extensive 'hands on' experience in the construction industry to join its small Senior Management team. You are likely to be 40, a qualified accountant and used to being profit accountable. With a strong sense of commercial awareness you will be a straight-talking problem solver with good communication skills.

Working hand in hand with the Chief Executive on business strategy and planning, you will have direct responsibility for the Company's working capital performance, financial systems and controls and the timely preparation of all financial information. An important part of the job will be the presentation of information to Management, Institutions and the Company's bankers.

In addition to the excellent remuneration package, you will be given the opportunity to acquire an equity stake through a significant number of share options.

Please write with your curriculum vitae to Richard Williams at the address below.

ARTHUR ANDERSEN

1 Victoria Square, Birmingham B1 1BD

GUINNESS FLIGHT
GLOBAL ASSET MANAGEMENT LIMITED

FINANCE DIRECTOR
(DESIGNATE)

Investment Management

Guinness Flight Global Asset Management is a boutique investment management house. It is best known in the market for its currency and international bond management and it also has a sizeable international equity business.

The company is 20% owned by management and 80% by Guinness Mahon Holdings plc and now Bank of Yokohama. It enjoys the benefits of their support, together with the autonomy of controlling the day to day business.

We are seeking to recruit a Financial Director (designate) to join the senior management team in continuing to consolidate and expand the company's business activities in all areas.

The ideal candidate will be aged 28-35 years, five or more years ACA qualified and with *relevant financial services industry experience. They will have* the enthusiasm, stamina and resilience to contribute to the aspirations of the senior management team, coupled with a willingness to do anything as required in a small company.

Company benefits include competitive salary, incentive scheme, quality car, an excellent pension scheme, private health care, and mortgage subsidy.

Please reply in writing with full CV to Veronica Burwood, Personnel Manager, Guinness Flight Global Asset Management Limited, 32 St Mary at Hill, London EC3P 3AJ.

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